Merger Feasibility Study

January 2008

Center Moriches Union Free School District

East Moriches Union Free School District

Facilitated by

School Efficiency Services
128 Mallard Bay
Chittenango, NY 13037
315 256-8860

Consultants
Daniel J. Porter
Lee G. Peters

Central Question

Would Instructional Opportunity Be Enhanced For All Students At a Similar or Reduced Cost to Taxpayers by Combining the Two Districts?

School Efficiency Services
128 Mallard Bay
Chittenango, NY 13037
315 633-2927

TABLE OF CONTENTS

Acknowledgements 1

Introduction –Conditions Leading to Merger Consideration 5
Why Consider Reorganization? 15
Chapter I - The School Districts and the Communities 18
Histories, Map, Laws Pertaining to Consolidation
Chapter II- Governance 29
Committee Recommendation 30
Chapter III- Pupil Enrollment and Projections 32
Chapter IV – Personnel and Staffing 40
Legal Rights
Labor Contracts
Teachers, Non-Instructional
Conclusions 59
Chapter V – Facilities 61
Description and Condition
Recommendations for Capital Improvements 66
Student Housing Options 67
Chapter VI – Instruction 77
Program Status
Enhancements 80
Summary 83
Chapter VII – Co-Curricular Offerings 84
Chapter VIII – Student Transportation 90
Chapter IX – Financial Study and Projections 94
Districts' Revenues and Expenditures 95
Incentive Operating Aid 108
Tuition 115
Building Incentive Aid 120
Debt 124
Property Values, Tax Rate History, Tax Rates 132
Recommendations for Incentive Aid 148
Chapter X - Feasibility Study Committee Recommendations 151
Chapter XI – Final Comments and Consultants Recommendations 153

Appendix –
May 2007 State Education Department Audit Review of East Moriches 164
April 2007 NYS Comptroller letter to East Moriches re $2 million borrowing 177
Local Newspaper Articles regarding the Feasibility Study 181
Schedule of Study Sessions 188
Summary Chart of Costs/Savings 189

ACKNOWLEDGEMENTS

While it is impossible to recognize everyone who contributed to making a study of this magnitude possible, it is important to mention as many individuals as possible, without whose support, wisdom, encouragement and cooperation this undertaking could not have been completed. While we offer our sincere thanks here, we apologize to important contributors not mentioned on these pages.

We first must express our appreciation to Dr. Donald James, Superintendent of Center Moriches Union Free School District and Dr. Charles Russo, Superintendent of East Moriches School District, and the districts' respective central office secretaries, Susan Fanwick at Center Moriches and Kimberly Kreger at East Moriches, for spending considerable time providing us with information, arranging meetings, clarifying understandings and facilitating our efforts in completing this study.

Also, at Center Moriches, Lino Bracco, high school principal, Dan Laub, business official, and Nick DeCillis, interim athletic director, proved to be of great help in this study, as was Ray Fannan, director of special education at East Moriches. Their guidance and leadership was critical to the success of this study. Thanks, too, go to business official Victoria Galante and business official consultant George Chesterton at East Moriches for their diligent efforts in providing required data.

We also thank Tom Marzagalli and Anne Molter, teachers union presidents at Center Moriches and East Moriches, respectively, for their knowledge and assistance.

Special thanks go to Ms. Suzanne Spear of the New York State Education Department for her guidance and support and our colleague and our friend Roy McMaster of Capital Markets Advisors, LLC who contributed the financial data contained in this report. We truly appreciate his flexibility and patience with respect to this study.

Finally, our sincere thanks goes to members of both districts' Board of Education members and, especially, to the members of Feasibility Study Committee who so generously gave of their time and experience to guide us to the recommendations

contained on these pages. Both communities should be proud of the commitment and caliber of these extraordinary volunteers who have so unselfishly served these communities' youth.

Sincerely,

Daniel J. Porter
Consultant

Dr. Lee G. Peters
Consultant

January 2008

Boards of Education
During Study

Center Moriches

Joseph McHeffey – President
Wendy Turkington – V President
Daniel Finnegan
Thomas Hogan
Wayne Vitale

Dr. Donald James – Superintendent

East Moriches

Stephen Curtis - President
Gary Grunseich – V President
Connie Parise
Thomas Vitale
Glenn Neuschwender
John Westfield

Dr. Charles Russo - Superintendent

Feasibility Study Committee Representatives

Center Moriches	Affiliation	East Moriches
Robyn Rayburn	Community	Chris O'Brien
Karen Leshin	Community	Steven Horbatiuk
Kathleen Johnson	Community	Kenneth Lidonnici
James Ryan (Chairperson)	Community	Debbie Donohue (Recorder)
Martha O'Brien	Community	Michael Griffin (Chairperson)
Anthony Parlato	Community	Richard Whittle
Gerald Hughes	Community	Raymond DeFeo
Cara McCarthy	Community	Terrance Howell
William Schilling, III	Community	
Robin Helner-Reich (Recorder)	Community	Chuck Fee
Konrad Grossman	Student	Hannah Wiles
Marybeth Valenti	Student	
Debra Vaillant	Union Representative	Geraldine Nigg
Thomas Kelly	Union Representative	
Michael Koscinski	Teacher	Anne Molter
	Teacher	Diane Fitzpatrick
	Teacher	Robert Ketcham

Role of Feasibility Committee

1. Check Facts and Assumptions of Consultants
2. Provide Local Knowledge
3. Problem-solve as Committee-of-the-Whole
4. Review Work of Sub-Committees
5. Make Recommendations for each Piece of Study
6. Make Recommendation to Boards of Education relative to Straw Vote
7. Serve as Source of and Conduit for Public Information

Introduction

Conditions Leading to Merger Talks In East Moriches and Center Moriches

While all public schools across New York State are facing challenging times in terms of meeting the need for higher academic standards with limited new financial resources, none are feeling the crunch between these two forces more so than the state's smaller school districts. Even in the best of times these small school districts, such as the East Moriches Union Free School District and the Center Moriches Union Free School District, while enjoying advantages in terms of vibrant community interaction, citizen leadership, safety, and small class size, have suffered from a small and limited tax base and the absence of economies of scale that a large student population typically produces.

Compounding problems of relatively small size, each of these districts are somewhat poor when compared to many of the neighboring schools in their Suffolk County, south shore region of Long Island, yet must compete with wealthier neighbors in terms of employee salaries and benefits in order to acquire and retain highly trained staff needed to achieve higher academic goals. Now, with the demand for higher standards by both New York State in the form of NYS Board of Regents regulations and the federal government in the form of the *No Child Left Behind* legislation and by declining resources in the form of operating aid provided by the state, the condition for many of our state's smaller school districts is reaching crisis proportions.

It is this set of circumstances that led the boards of education of the East Moriches Union Free School District and the Center Moriches Union Free School District in the eastern Suffolk county region of Long Island to study a reorganization of the two school districts through the process of consolidation (merger). Specifically, both districts have typically experienced the level of operating aid from the state on a year to year basis that is smaller than the annual rise in operating costs. This defacto reduction in state support relative to the increases in fixed operating costs for salaries, benefits, electricity, and fuel, to name a few, means two things:

1. More taxes will have to be collected locally to cover the shortfall and/or

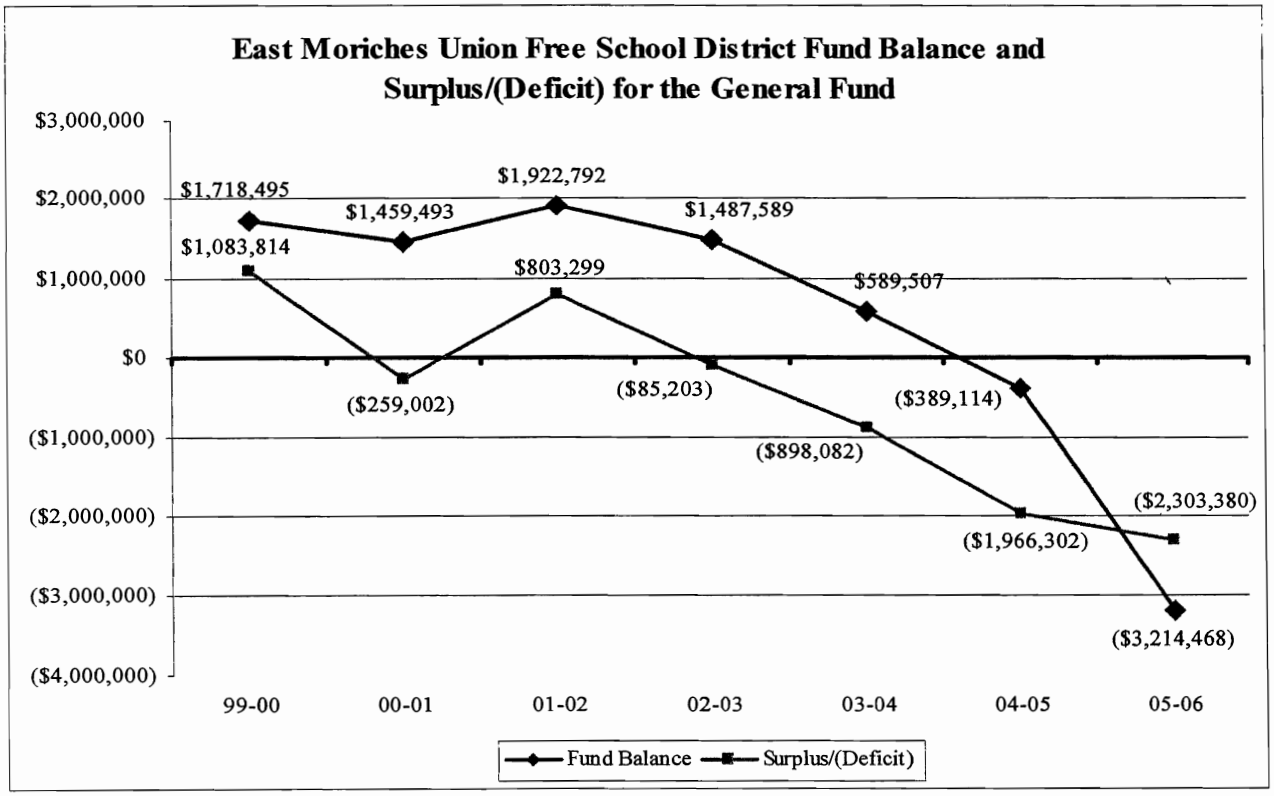
2. The school districts will be forced to reduce or eliminate program offerings to

children.

Without question, the financial problems facing East Moriches are more severe and more immediate. East Moriches, a K-8 school district, found itself in general fund deficit in June 30, 2006 in the amount of $3,214,468, following three years of deficit spending.

The graph below, from SED's Office of Audit Services, illustrates this problem. Following the line segmented by the diamond shapes, it is evident that the East Moriches district maintained a healthy fund balance of over $1 million through the 2002-03 year. For what ever reason, whether perceived necessity or change in management style, beginning with the year 2003-04 through 2005-06 the East Moriches district utilized real and then non-existent fund balance sums to balance its budget, resulting in the deficit of over $3 million.

Note: The line in the graph segmented by the square shapes illustrates whether or not revenues exceeded expenses for the district in any given year. Obviously, poor budget forecasting practices have plagued the East Moriches district for several years, since only the years 1999-2000 and 2001-02 show the district not to be in a spending deficit.



In 2006-07, Pursuant to Chapter 33 of the Laws of 2002, the State Legislature authorized the East Moriches UFSD to borrow $2 million to help liquidate this outstanding debt, leaving the remainder to be dealt with locally via a plan submitted to the NYS Comptroller and the NYS Education Department.

The results of the required corrections caused an increase in the tax levy for 2006-07 in East Moriches of 30% with a more than 20% increase in the local tax rate.

Compounding this increase in taxes is the fact that in 2004-05 and 2005-06 East Moriches' tax levy saw double-digit increases as well. The increase in the earlier years was masked to some degree by significant property value growth from 2004-2007 which helped keep local tax rate increases modest until 2006-07.

The current fiscal status in East Moriches is no less problematic than the recent past, despite efforts of the school board and administration to take some corrective action.

Specifically, in reviewing the 2007-08 East Moriches UFSD budget (passed by voters in May, 2007) the Office of the State Comptroller issued the following concerns in a letter to the district dated April 17, 2007.

> *"Based on the results of our audit we do not find that significant revenue and expenditure projections in the (2007-08) budget are reasonable."*

Specifically, the Comptroller's office questioned whether the 2006-07 budget would provide sufficient fund balance (surplus) to accomplish the dual purpose of providing $882,000 to offset a designated portion of the remaining district debt and also provide $450,000 in fund balance appropriated as a revenue to help fund the 2007-08 budget.

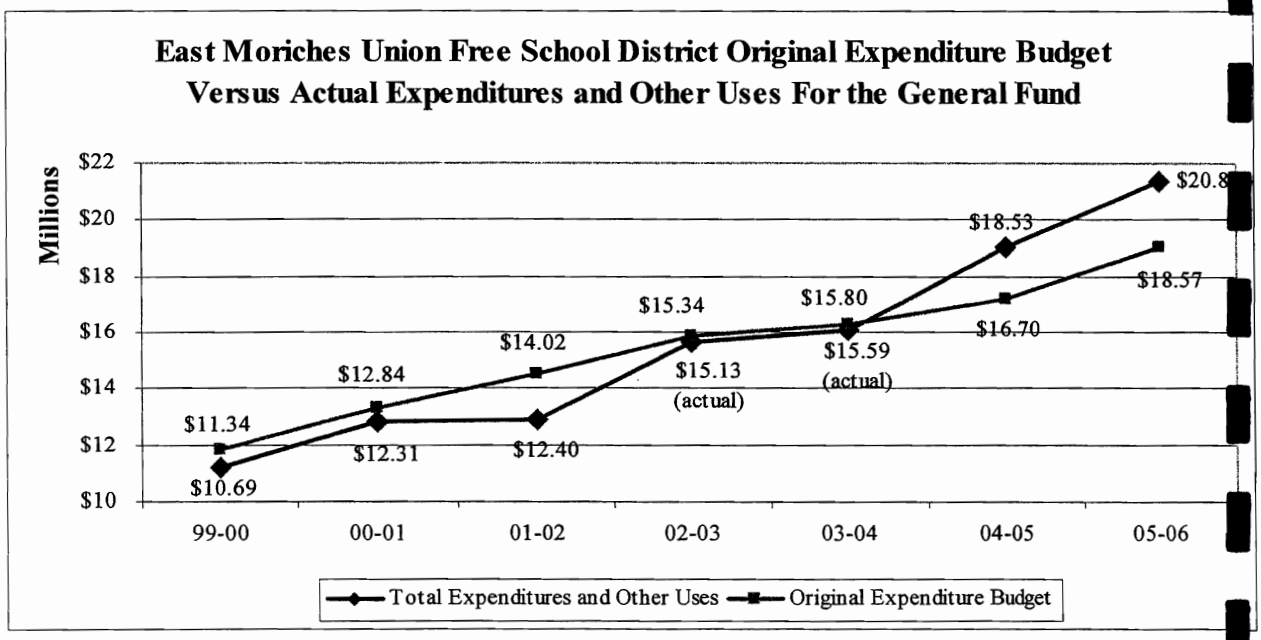
> *There is no assurance that the district will have sufficient funds available to appropriate in the 2007-08 budget.*

Also questioned by the Comptroller was the plan to mitigate the remainder of the district's deficit.

> *District Officials plan to eliminate the remaining portion of the $1.2 million deficit by using $317,000 in surplus funds from completed capital projects. However, these funds are not legally available for this purpose. Unexpended funds from capital projects may only be used to pay for debt service and not to reduce a general fund operating debt.*

A significant portion of the East Moriches deficit spending can be traced to high school tuition costs experienced by the district and the failure to budget accurately for those costs. Again from the Comptroller's letter of April, 2007:

> *In addition, we noted that the district's budgeted tuition expenditures for the 2006-07 fiscal year are $5,962,600. District officials (now) project the total expenditures to be $6,735,637 for the 2006-07 fiscal year, approximately $773,037 over-budget.*



K-8 East Moriches UFSD provides its residents a choice of three high schools to send high school students to. Tuition in these neighboring school districts vary widely in price as follows:

High School	**Estimated 2007-08 Regular School Tuition**
Westhampton Beach HS	$18,200
Center Moriches HS	$13,500
Eastport-South Manor HS	$ 8,500

Historically, two-thirds or more of East Moriches high schoolers have chosen the more expensive Westhampton Beach High School. In the future, three tuition factors have the potential to further exacerbate the impact of tuition costs on East Moriches tax rates and program decisions.

1. Through the 2006-07 school year, East Moriches has been eligible for a categorical state aid known as Tuition Adjustment Aid which helps offset the high cost of tuition when a poorer district tuitions students to a wealthier district such as Westhampton Beach. This aid, an approximately $300,000 annual revenue for the East Moriches district, has been discontinued as a state aid beginning in the 2007-08 school year. Although the flat amount from 06-07 is carried forward as "Foundation Aid", it is unlikely to keep pace with either the increased costs passed on to East Moriches in future years or an increased number of students who might choose Westhampton Beach high school. Any loss of aid will put pressure on both the EMO school budget process and local tax rates.
2. Center Moriches has extended a tuition cost for East Moriches students of $13,500, even though the actual cost per pupil as estimated by Center Moriches is in excess of $15,000 per pupil. Discussions with Center Moriches officials indicate that it is unlikely

that this reduced rate will be continued in the future. Additional costs to the East Moriches taxpayers for such a change would certainly exceed $100,000 per year further putting pressure on programming and tax rates in East Moriches.

3. The lower tuition rate in Eastport-South Manor is misleading because it is produced as a result of merger incentive aid that district receives as a result of its 2004 reorganization. When the five year window ends in 2009, Eastport-South Manor will see this incentive aid reduced by 4% per year causing a corresponding increase in the amount of tuition it will charge East Moriches, further necessitating an increase in taxes or a decrease in program to make up the shortfall.

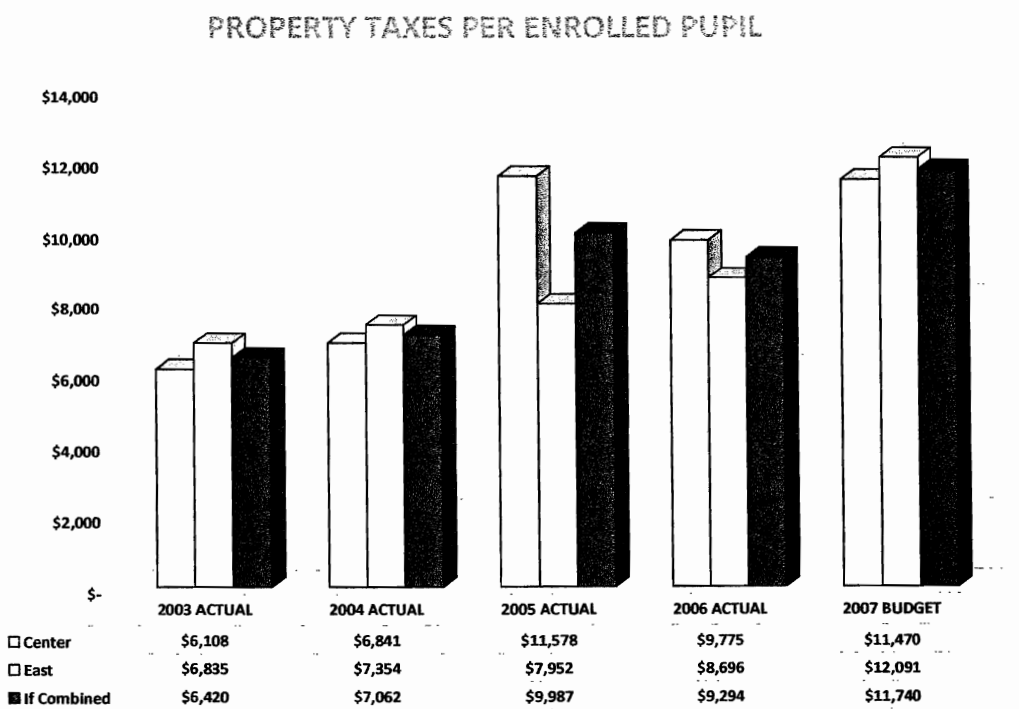
In 2006-07, the East Moriches district was forced to deal with its fiscal plight not only in the form of dramatically increased taxes but, perhaps more importantly, with a significant decrease in student programming at the elementary and middle levels. In that year's (06-07) contingency budget, eleven (11) teachers out of a district staff of 70 were cut and thirteen (13) non-instructional positions out of approximately 50 positions were eliminated. In addition, a building principal was eliminated with those duties being passed on to the superintendent, and athletics, field trips, and student activities were eliminated from the budget process.

Completing this "Perfect Storm" of financial issues, fiscal turmoil again visited the East Moriches district in 2007 when it was discovered that the Town of Brookhaven's assessor's office mistakenly counted a $3.4 million property twice on its tax roles, an error that, when corrected, caused a 4% drop in overall district assessment. Unknown to school officials in May 2007 when the school budget was passed, this smaller assessment (the district had actually projected a $100,000 increase in overall assessments) could result in a $1 million tax revenue shortfall unless the district significantly increases taxes or reduces spending to make up the shortfall.

Adding to the difficulties East Moriches UFSD faces is the inability to significantly streamline the district's expenditures through program cuts. Already very

lean – the district has already cut deeply into its teaching and non-instructional staffing levels, and employs only one building principal who assists the superintendent in leading the two school buildings – there is nothing left to cut. In short the Board of Education faces troublesome fiscal and instructional issues, and has wisely chosen to look at other options, including the consolidation of the district with the contiguous Center Moriches district.

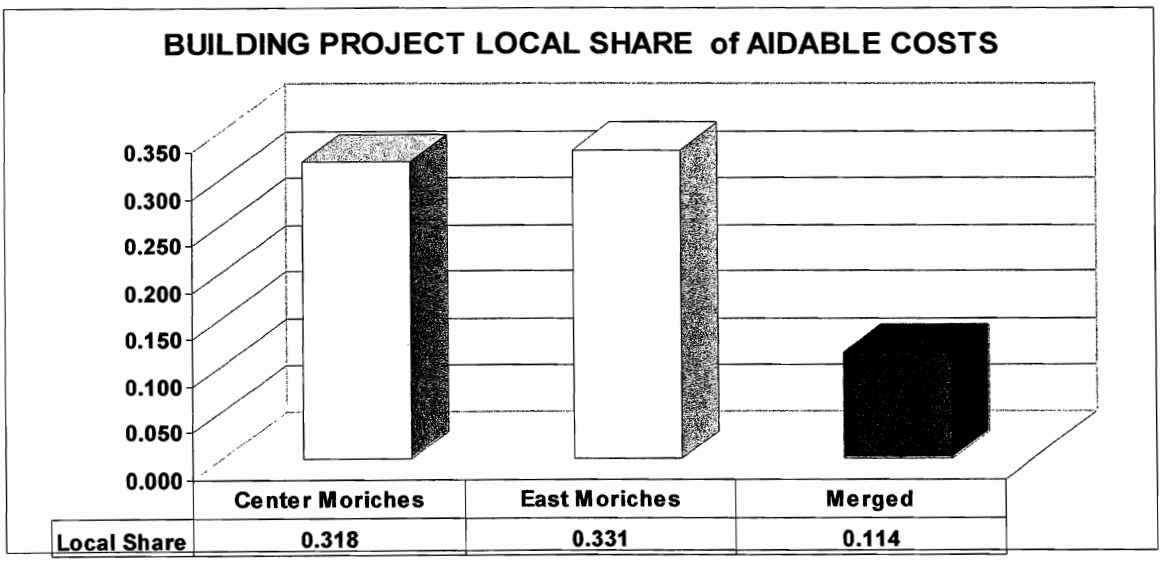
In Center Moriches UFSD the conditions are much less severe, yet worrisome. In 2004-05, faced with significant budget miscalculations in previous years, district officials were forced to raise property taxes in Center Moriches 40% in a single year. Per pupil property taxes in the district have risen from $6,841 in 2003-04 to a projected $11,470 in 2006-07 and, although much less steep, increases are certainly forecast in the future.



Perhaps more problematic to Center Moriches is the lack of property growth in the district. In the past three years assessments have risen by roughly 2% per year, as compared to the more significant growth rate in East Moriches (6.5%) over the same time period. Since funding from New York State in the form of annual state aid to the district

has historically failed to keep pace with the district's operating costs, the lack of local capacity holds the potential to limit Center Moriches' ability to keep pace with educational programming it desires for its students.

Also problematic is future capital construction facing Center Moriches. While the district has constructed and maintained two modern and well equipped buildings to house its middle and secondary programs, the Clayton Huey Elementary School is in need of much work to maintain its infrastructure and to modernize its facilities. Similar to issues facing East Moriches in renovating its middle school facility, Center Moriches could benefit greatly from the enhanced building incentive aid that would follow a merger of the two districts.



Beyond the revenue Center Moriches derives from tuition paid to it by East Moriches for secondary students who choose to attend its schools, two addition funding streams have helped sustain Center Moriches UFSD and stabilize its taxes in recent years.

First, it offers to neighboring school districts State Education Department approved programs at the elementary and secondary levels serving individuals ages 5-21 with moderate to severe developmental disabilities and Autism Spectrum Disorder. Together, these programs are expected to generate approximately $700,000 to the district, after expenses.

Second, Center Moriches receives impact aid for approximately 75 out-of-district

Native American pupils it educates K-12, generating an annual estimated revenue of $1,125,000.

While such innovation and opportunity is to be applauded, one must realize that neither of these funding streams are written into law or regulation or otherwise guaranteed in the future. Changes in state or federal laws or the emergence of competing or conflicting local opportunities in other communities could certainly damage the Center Moriches district's ability to offer its instructional program at an affordable tax rate.

It is with these issues in mind that the Center Moriches Board of Education sought to consider consolidation with East Moriches as an option and instigated a feasibility study.

It is within this backdrop that the boards of education of the Center Moriches UFSD and the East Moriches UFSD, met and engaged school efficiency consultants Daniel Porter and Lee Peters to conduct a study to forecast how a hypothetical school district formed from the consolidation of Center Moriches and East Moriches would function, and what advantages (or disadvantages) would be created for students and/or taxpayers. They were assisted by financial consultant Roy McMaster from Capital Markets Advisors, Inc. of Elmira, New York and an advisory committee made up of residents, students, and employees of each district.

The consultants met with an ad hoc committee representing the two boards of education in a planning session on March 27, 2007 to identify areas that would be addressed in the study; to establish a plan for public involvement; and to determine a tentative time line for completion of the study.

At this meeting, the decision by the two boards to study consolidation as the form of reorganization was confirmed.

It was determined that the following would be the topics to be included in the study:

A. Governance

B. Financial projections

C. Personnel

D. Instructional programming

E. Co-curricular offerings

F. Transportation

G. Facilities

A time line was developed to divide the study into an initial organizational meeting with the Feasibility Study Committee and then four committee work sessions beginning May 30, 2007 (organizational meeting) and concluding November 14, 2007, with a final report to the combined boards of education to follow on or about January 15, 2008.

A "town meeting" type event was scheduled for April 26, 2007 so residents in both communities and members of the media could meet the consultants and ask questions about the study.

It was agreed that each board would appoint a slate of volunteers to make up the feasibility study committee. Each district's slate should include two resident employees (one teacher and one support staff member) and one student. All meetings of the feasibility study committee would be open to the public and all persons were welcome to attend.

The initial meeting of the feasibility study committee was held on May 30, 2007 in the Center Moriches high school at which time the time line for the study and committee responsibilities were reviewed by the consultants.

Four subsequent work sessions were held (June 26th, August 21st, September 18th, and November 14th). The committee was invited to reconvene on January 15, 2008 to review the report prior to its presentation to the boards of education.

WHY CONSIDER REORGANIZATION?

Today, schools are required to provide an extensive array of services to meet the unique needs of all students and to prepare them to successfully meet the personal and social challenges of a rapidly changing world. An enhanced pupil and financial base can often facilitate this effort.

Small school districts, particularly those, which are not wealthy, have difficulty providing the breadth of educational programs and variety of opportunities which currently are available in larger districts. If student enrollment drops, the small district must often choose between a reduction in program or an increase in local property taxes. Faced with these undesirable alternatives, such districts often consider a change in their organization.

Reorganization of school districts provides the increased pupil and financial base which may allow the now larger district to:

1. Provide several sections of a subject area, each fitted to pupil needs and abilities;

2. Extend subject offerings to include, for example, multiple languages, specialized English courses, new, special area social studies courses, advanced placement programs, and development of programs for the less able or the gifted;

3. Provide a broader choice of electives and co-curricular opportunities;

4. Increase the probability that teachers will serve only in their field of specialization;

5. Provide separate, specially equipped classrooms for specific subjects;

6. Upgrade facilities and equipment to support program requirements; and

7. Provide competitive salaries to employees.

Reorganization also creates the potential for school districts to operate more efficiently and economically by:

1. Permitting a more cost-effective administrative organization;

2. Eliminating duplication by pooling facilities, equipment, supplies, materials, teaching and non-teaching staff;

3. Consolidating and coordinating the transportation system, i.e., providing for routing in a more efficient manner, using one central garage, and standardizing buses and parts.

Reorganization of school districts also provides the new district with additional operating aid and building aid. The computed formula operating aid for districts which reorganize is increased by 40 percent for five years, then reduced by four percent each year until it is phased out, thus providing a total of 14 years of additional operating aid. Also, for newly reorganized districts, the computed state aid for building projects is increased by 30 percent, up to a maximum of 95 percent of the approved cost.

WHY REORGANIZATION IS DIFFICULT TO ACHIEVE

Even though a feasibility study may identify significant educational and financial benefits that might be achieved by joining districts, it is also recognized that there are local issues that make the formal decision to reorganize difficult. These local concerns often include:

1. A fear of losing local identity;

2. A perception that the communities are incompatible or that one district will benefit more from the merger than the other;

3. An uncertainty over representation on the Board of Education and whether or not the new district will actually operate as implied during the study process;

4. An assumption that a larger student enrollment will result in less individual attention, more discipline and drug problems, and fewer opportunities for students to participate in sports and other extra-curricular activities;

5. A belief that new programs, staffing and building improvements will result in higher costs and require local property tax increases in spite of additional state incentive aid;

6. A concern that children will be required to spend more time being bused to and from school;

7. A fear of losing job security by local school district employees;

8. A natural tendency to resist change and a reluctance to give up "what is" for "what might be."

Thus, as with other local school district decisions, the advantages and disadvantages of reorganization must be carefully, honestly and objectively considered, and a democratic determination reached that will best serve the future educational needs of young people and the community.

Center Moriches and East Moriches Reorganization Feasibility Study

Districts' Histories

At the beginning of the 20th century there were over 10,000 school districts in New York State. Most of these were one room schools operated by local trustees, serving children in grades 1-6 or 8, and referred to as "common" school districts. In addition to these common schools, the state authorized the creation of Union Free Districts that provided high school instruction to those who wished to study beyond the 6th or 8th grade level. Both Center Moriches and East Moriches are Union Free School Districts.

Throughout the century various efforts were made by local citizens to combine districts in the effort to deliver more comprehensive instruction in a cost effective manner. The state supported these efforts and actually encouraged them with various financial incentives.

Center Moriches and East Moriches have both had experience with actual studies or at least overtures to study consolidation or centralization in the past. An examination of district records show a study between the two districts in 1978-79; a study of combining Center Moriches with South Manor in 1991-92; a BOCES Merger Task Force examining regional combinations in 1994; and consideration to join in the Central High School study in 1995-97. In each case, it was determined that the time was not right abandon separate and autonomous school operations in the two communities.

By the end of the 20th Century the number of school districts in the state had been reduced from over 10,000 to 701.

Reorganization of school districts is a general term that describes five technically different types of school district configuration. While the result may seem the same, there are different legal requirements for: 1) centralization 2) annexation of central

schools 3) annexation of union free school districts 4) consolidations of union free schools 5) consolidation with a city school district.

The boards of education in Center Moriches and East Moriches have agreed to examine the feasibility of reorganization through "Consolidation of Union Free Schools".

East Moriches UFSD History

Public education in the hamlet of East Moriches got its start in 1813 when the Town of Brookhaven divided into several common school districts. East Moriches was designated as Common School #15, and a one room school house was built by local residents on the north side of Main Street to serve the approximately 20 families who resided in East Moriches at the time. Later, in 1842, the Town of Brookhaven reorganized and the school in East Moriches was renamed as Common School #34.

By 1870 the population of East Moriches had boomed to nearly 400 residents and the first two story wooden school building was constructed to serve the growing first grade through grade eight school population. Local records show that in 1897 East Moriches recognized its first "official graduating class", numbering three proud graduates.

Still growing at the turn of the 20th Century, the community appropriated the huge sum of $10,000 to construct a new school which opened in 1907. This big, 2-story structure west of Adelaide Avenue was topped by a one-ton school bell and served the community for nearly 50 years.

In 1921, East Moriches changed from Common School #34 to its current designation as a Union Free School District (UFSD), and in 1923 dedicated the famous Eagle landmark in front of the school to honor World War I veterans and no doubt gave rise to East Moriches UFSD's nickname, the "Eagles". By 1931 continued growth saw a graduating class of eight and by 1942 a graduating class of twelve. In the later case, a remarkable development was that the graduating class had all boys…no girls.

This continued growth, found not only in East Moriches but throughout Suffolk County, saw the construction of a modern school facility on the east side of Adelaide Avenue. Built in 1955 this was the first brick school structure in East Moriches. A new wing was added to this facility in 1964 to house a library, industrial arts, and home economic classes, and in 1970 the east wing of what is now East Moriches Middle School was constructed, giving an aerial view of the building its current "capital H" shape. By 1971 the K-8 enrollment had boomed to 400 pupils.

The 1980's was a time of exciting change in the East Moriches school, and saw the growth of student government, the prominence of sports teams, the addition of student enrichment activities and field trips, expanding music programs, and a student newspaper. In 1987 the school population was 580, and by the late1990's it became apparent that East Moriches' reputation as a vibrant, growing community would force additional school construction.

In 2004 the current Elementary School, a beautiful building on the north side of Montauk Highway, was dedicated, making East Moriches a two-school community for the first time, with a graduating class in 2005 numbering over 100. Currently graduates of East Moriches UFSD are offered three choices for their high school education: Center Moriches High School, Westhampton Beach High School, and Eastport-South Manor High School.

Throughout the years and the many changes, long time residents of the community point to three common threads which have identified East Moriches and its schools: a feeling of closeness within the community; educational excellence with a strong foundation for personal achievement; and continued growth.

Center Moriches UFSD History

The recorded history of formal public education in Center Moriches began in 1813 when the Town of Brookhaven partitioned itself into separate school districts with Center Moriches being designated as School #16. It would later be designated as School District #33.

The first school was actually held not in a school building but in various community meeting houses beginning in 1819.

Overcrowding in the meeting houses eventually caused the first school building to be built in 1870 for the district's then 77 pupils. This building is still in use as St. John's Episcopal Church on Railroad Street.

By 1896 continued growth in the region caused the construction of the first two story school in the community. The new structure was regarded as "state of the art" although, reflecting the times, it had no provision for either gymnasium space or instrumental music rooms. In 1900, the school district received its first charter from the State Education Department.

In 1924 the expanding student population caused the construction and opening of the community's first brick school house, now the Clayton Huey Elementary building. For the "astronomical" construction cost of $160,000, this new edifice included 12 classrooms, an auditorium/gymnasium, and athletic fields. The investment likely seemed worthwhile when in 1938 the brick structure easily survived a devastating hurricane which destroyed many other buildings and homes in Center Moriches. It is with the advent of this new structure and its fine athletic facilities that Center Moriches can trace its long standing history of athletic success, fielding championship teams in that era in soccer, basketball, baseball and tennis.

Growth in the community continued unabated and by the late 1940's a new wing was added to the school to handle the post-war boom. In 1949 Center Moriches employed 26 faculty members. Athletic prominence continued when in 1954 the community built a new gymnasium which was toasted by local media as "the most beautiful athletic facilities" in Suffolk County. More additions followed and by 1959 an astounding 115 Center Moriches graduates were handed diplomas. The following year, when students from Shirley and Mastic began attending William Floyd the graduating class was reduced to 49. However community growth continued and by 1967 the graduating class had again swelled, this time to 87.

In 1980 this growth caused the construction and opening of the new high school at its present location and the school district was well noted in Suffolk County for its continued prowess in boys and girls athletics, earning many league and county titles.

The theme of community growth has and is continuing. In 2003, following extensive community planning, the new middle school opened adjacent to the high school building, causing the separate but connected school to boast some of the finest facilities to be found anywhere.

The Center Moriches UFSD is well known today for its instructional programs as evidenced by 92% of its graduates going on to post secondary college and 85% of its graduates achieving New York State Regents Diplomas. Strong programs in many areas, music and fine arts to name a few, now rival its athletic program as points of excellence and community pride.

PROPOSED CENTRAL SCHOOL DISTRICT

BROOKHAVEN SCHOOL DISTRICT No. *Address:* Center Moriches
Supervisory District No. *County:* Suffolk
School Referred to:
Date of Meeting:
Date of Designation:
Began Operating:
Vote:
Designation: Central School District No. of the Town of Brookhaven, Suffolk County

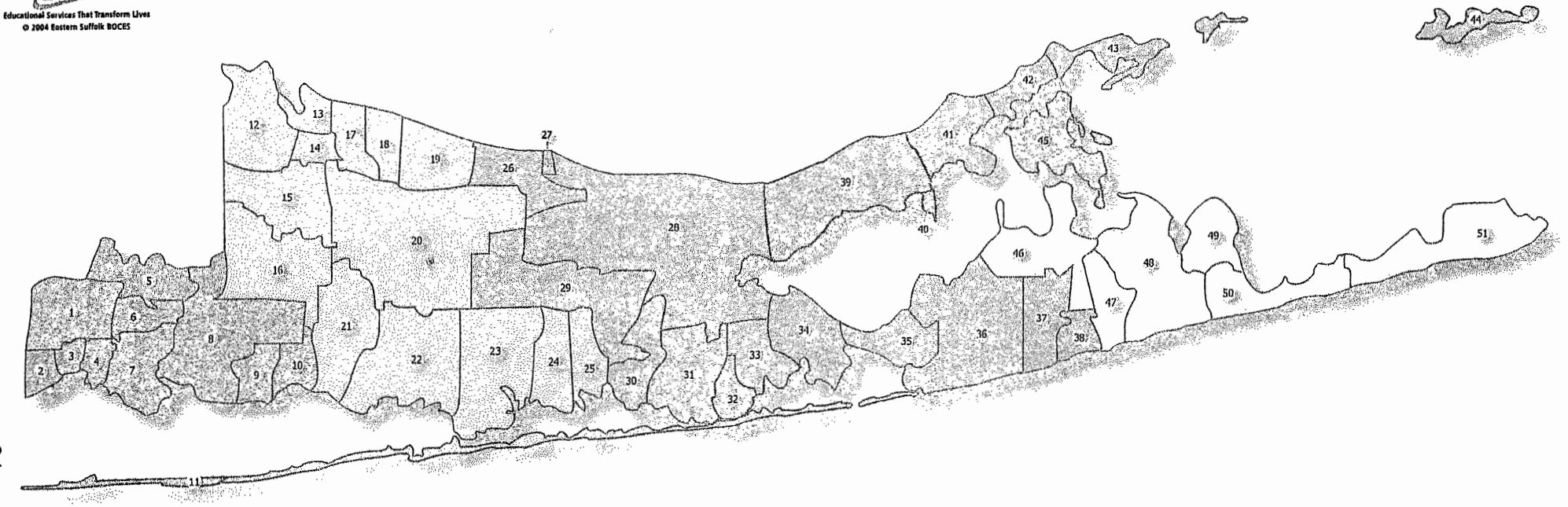
The Reorganization Plan provides for a central school district to embrace the following school districts:

District	*Town*	*County*	*Date Effective*
UF 33	**Brookhaven (Center Moriches)**	**Suffolk**	
UF 21	**Brookhaven (South Manor)**	**Suffolk**	
UF 34	**Brookhaven (East Moriches)**	**Suffolk**	
C 22	**Brookhaven (East Manor)**	**Suffolk**	
C 31	**Brookhaven (West Manor)**	**Suffolk**	

Eastern Suffolk BOCES

Educational Services That Transform Lives

© 2004 Eastern Suffolk BOCES



Islip

1 Brentwood UFSD
2 West Islip UFSD
3 Bay Shore UFSD
4 Islip UFSD
5 Hauppauge UFSD[1]
6 Central Islip UFSD
7 East Islip UFSD
8 Connetquot CSD
9 Sayville UFSD
10 Bayport-Blue Point UFSD[2]
11 Fire Island UFSD[2]

Brookhaven

12 Three Village CSD[3]
13 Port Jefferson UFSD
14 Comsewogue UFSD
15 Middle Country CSD
16 Sachem CSD[4]
17 Mount Sinai UFSD
18 Miller Place UFSD
19 Rocky Point UFSD
20 Longwood CSD
21 Patchogue-Medford UFSD
22 South Country CSD
23 William Floyd UFSD
24 Center Moriches UFSD
25 East Moriches UFSD

Riverhead

26 Shoreham-Wading River CSD[5]
27 Little Flower UFSD
28 Riverhead CSD[6]

Southold

39 Mattituck-Cutchogue UFSD
40 New Suffolk Common SD
41 Southold UFSD
42 Greenport UFSD
43 Oysterponds UFSD
44 Fishers Island UFSD

Shelter Island

45 Shelter Island UFSD

Southampton

29 Eastport/South Manor CSD[6]
30 Remsenburg-Speonk UFSD
31 Westhampton Beach UFSD
32 Quogue UFSD
33 East Quogue UFSD
34 Hampton Bays UFSD
35 Tuckahoe Common SD
36 Southampton UFSD
37 Bridgehampton UFSD
38 Sagaponack Common SD

East Hampton

46 Sag Harbor UFSD[7]
47 Wainscott Common SD[7]
48 East Hampton UFSD
49 Springs UFSD
50 Amagansett UFSD
51 Montauk UFSD

Note:
1 - Towns of Islip & Smithtown
2 - Towns of Islip & Brookhaven
3 - Towns of Brookhaven & Smithtown
4 - Towns of Brookhaven, Smithtown & Islip
5 - Towns of Riverhead & Brookhaven
6 - Towns of Riverhead, Southampton & Brookhaven
7 - Towns of East Hampton & Southampton

MERGED NEW YORK SCHOOL DISTRICTS ~ JULY 2004

	Code	District Name	Date of Reorganization	First Year of Eligibility	BUILDING INCENTIVE Ed. Law §3602, 14, c (vi) Last Date Const. Cont. Signed	Incentive Building Percentage	INCENTIVE OPERATING AID % Ed. Law §3602, 14, c,d,e,f,& j 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	INCENTIVE OPERATING AID % 2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	571502	Canisteo-Greenwood	7/4/2004	2004-05	7/1/2014	30%	0.40	0.40	0.40	0.40	0.40	0.36	0.32	0.28	0.24	0.20	0.16	0.12	0.08	0.04	<End
2	580251	Eastport So Manor CSD	7/1/2004	2003-04	7/1/2014	30%	0.40	0.40	0.40	0.40	0.40	0.36	0.32	0.28	0.24	0.20	0.16	0.12	0.08	0.04	<End
3	042302	Cattaraugus-Little Valley	7/1/2000	2000-01	7/1/2010	30%	0.40	0.40	0.36	0.32	0.28	0.24	0.20	0.16	0.12	0.12	0.08	0.04	<End		
4	591502	Sullivan West @ Callicoon	7/1/1999	1999-00	7/1/2009	30%	0.36	0.32	0.28	0.24	0.20	0.16	0.12	0.08	0.04	<End					
5	581012	Mattituck-Cutchogue	7/1/1997	1997-98	7/1/2008	30%	0.24	0.20	0.16	0.12	0.08	0.04	<End								
6	060503	Chautauqua Lake	7/1/1996	1996-97	7/1/2006	30%	0.24	0.20	0.16	0.12	0.08	0.04	<End								
7	020702	Genesee Valley	7/1/1996	1996-97	7/1/2006	30%	0.24	0.20	0.16	0.12	0.08	0.04	<End								
8	081003	Unadilla Valley	7/1/1996	1996-97	7/1/2006	30%	0.24	0.20	0.16	0.12	0.08	0.04	<End								
9	040302	Allegany-Limestone	7/1/1995	1995-96	7/1/2005	30%	0.20	0.16	0.12	0.08	0.04	<End									
10	491302	Averill Park	7/1/1995	1995-96	7/1/2005	30%	0.20	0.16	0.12	0.08	0.04	<End									
11	022902	Bolivar-Richburg	7/1/1994	1994-95	7/1/2004	30%	0.16	0.12	0.08	0.04	<End										
12	251400	Oneida City	7/1/1994	1994-95	7/1/2004	30%	0.16	0.12	0.08	0.04	<End										
13	561006	Waterloo-Border City	7/1/1994	1994-95	7/1/2004	30%	0.16	0.12	0.08	0.04	<End										
14	541102	Cobleskill-Richmond	7/1/1993	1993-94	7/1/2004	30%	0.12	0.08	0.04	<End											
15	573021	Wayland-Cohocton	7/1/1993	1993-94	7/1/2004	30%	0.12	0.08	0.04	<End											
16	570603	Campbell-Savona	7/1/1992	1992-93	7/1/2004	30%	0.08	0.04	<End												
17	022302	Cuba-Rushford	7/1/1991	1991-92	7/1/2004	30%	0.02	<End													

CONSOLIDATION OF UNION FREE/COMMON SCHOOL DISTRICTS

1. General

Existing law provides for the consolidation of common or union free school districts and does not involve central school districts. Two or more common school districts may be consolidated as a single common school district or as a union free school district, two or more union free school districts may be consolidated as a single union free school district, or a combination of the two forms may be consolidated as a single union free school district. In all cases, consolidation results in the creation of a new school district.

2. Districts Affected

Common and union free school districts, or combinations thereof, are the only types which can use this reorganization option.

3. General Procedures

A proposed consolidation of two or more districts begins with the submission of petitions by district residents to each affected board of education/trustees requesting that a special meeting be convened to determine whether a consolidation shall be effectuated. The respective boards must then submit a proposal for consolidation to the Commissioner of Education for approval.

If the Commissioner approves the proposed consolidation, the boards schedule a meeting at a single location as centrally located as possible. At the special meeting, the electors of each of the districts vote on the consolidation. Voting will be by written ballot or by machine if approved by the Commissioner. The consolidation is approved if a majority of the voters from each district favors the proposal.

If the consolidation is approved by each district, the District Superintendent issues a notice calling a meeting of the consolidated district to elect a board of education to serve the newly organized district. Following the election of the new board, the District Superintendent will issue an order of consolidation with an effective date not more than 90 days from the meeting date. If the question to consolidate is not approved, it may not be again

presented for at least a year.

4. Effect on Property and Debt

The newly consolidated district assumes all property rights of the former school districts, as well as any debt incurred through bonds or notes. Other debt, such as tuition owed to other school districts, remains a charge upon the area of the former district incurring the debt.

5. Effect on Employees

Teachers in the former districts become employees of the consolidated district. If instructional positions are subsequently abolished, individuals with the least seniority within the specific tenure areas of the abolished positions are released and are placed on a preferred list for a period of seven years after the dismissals.

If the superintendent of one or more of the districts included in the consolidation is on tenure, he/she would have tenure rights to appointment as superintendent of the newly consolidated district. Where more than one superintendent is tenured, seniority would apply.

Lacking tenure status, superintendents of the former districts do not have any statutory rights to that position in the new district. The appointment of a superintendent would be made by the board of education of the new district. When the superintendent of a district included in the reorganization has an employment contract, such contract is considered a property right and is therefore a contractual obligation which is binding upon the newly reorganized school district as the successor in interest of the districts which have merged to form the consolidated district (Section 1804(5)(b) of the Education Law).

If the newly consolidated district determines not to employ such superintendent, it may discharge Its contractual obligation by paying the salary which he or she would have earned pursuant to such contract, less any income obtained from employment elsewhere during the term of the contract.

Non-teaching personnel appointed pursuant to the Civil Service Law will have different employment rights depending on their civil service class, e.g.,

competitive, non-competitive, labor, etc. The appropriate local civil service agency should be consulted for assistance to ensure appropriate treatment for these employees.

6. Governance

A new board of education/trustees must be elected to govern the consolidated district. The nature of the governing body will depend on the legal form of the newly created consolidated district.

7. Statutory Reference

Education Law, Sections 1510-1514, 1517-1518, 1523, 1702, 2001

Education Law, Section 2510

Civil Service Law, Section 70

Governance

A Union Free School District may have 3, 5, 7, or 9 members on its board of education. Currently both Center Moriches and East Moriches have a five (5) member board of education which is elected at large. Members serve three (3) year terms. In both districts, member's terms are staggered.

In the Consolidation process, the Commissioner's Order to be voted on by citizens in both communities will specify the number of seats on the board of education of the new school district. If the new district is approved by voters in both original school districts, the Commissioner will then conduct a special election to fill those board seats.

Board of Education Election History

Key: p = passed
d = defeated

East Moriches

Year	Seats Open	Number of Candidates	Total Votes Cast
2007	1	4	1,529 p
2006	2	6	1,497 d; 1,235 d
2005	1	2	847 p
2004	2	4	781 d; 813 p

Center Moriches

Year	Seats Open	Number of Candidates	Total Votes Cast
2007	2	5	1,391 p
2006	1	3	1,463 d; 1,521 p
2005	2	5	1,493 d; 1,440 p
2004	2	3	1,123 p

Feasibility Study Committee Recommendation on Governance

The new Board of Education should consist of seven (7) seats. The consultants concur.

During the process of developing the ***Governance*** portion of this study, a concern was expressed by several members of the Feasibility Study Committee that ultimately the larger community, Center Moriches, might dominate the somewhat smaller community, East Moriches, causing the residents of the latter community to lose representation on the new school board.

The consultants looked at the first board of education elections of Sullivan West Central School (merger) whose reorganization date was July 1, 1999, and Canisteo-Greenwood Central School (annexation) whose reorganization was July 4, 2004.

The results of the consultants' investigation are summarized below:

Sullivan West (Merger)

Nine (9) Board Seats

Voting Results: (16 candidates ran at large)

- Jeffersonville (largest district) – 4 seats
- Callicoon – 2 seats
- Narrowsburg (smallest district) – 3 seats

Canisteo-Greenwood (Annexation)

Seven (7) Board Seats

Voting Results: (4 seats up for election; 3 regular term, 1 due to resignation)
5 candidates

- Canisteo (largest district) – 5 seats
- Greenwood – 2 seats

NB – The exact Board representation following the Eastport-South Manor Centralization in 2004 was not able to be determined with any certainty. However, when the Eastport-South Manor Central High School district was formed in 1999, elections prior to the first year produced a balance board with three members each from Eastport and South Manor.

Conclusion

It appears that the number of voters eligible to vote in a community is not the sole determinant of distribution of board of education representation. The Feasibility Study Committee was satisfied that East Moriches residents would not be unrepresented, should the districts merge.

Pupil Enrollment and Future Enrollment Projections

Cohort Survival Method of Enrollment Projection

The two districts provided the current year (2007-2008) NYS BEDS day enrollment along with BEDS day enrollment, by grade level, for the five previous years (2002-2003 {not shown on the table} through 2006-2007.
To project future enrollment in the two districts, a *cohort survival* method was used In this method, the percentage of change is computed for each grade level as it passed on to the next grade level the next year. This percentage, known as the "coefficient of survival", is then used to project enrollment figures for years 2008-09 through 2017-18.

For example, using the **East Moriches Enrollments and Projections Table** which follows, an average coefficient of survival is established as a cohort of children move from grade 1 to grade 2. In 2003-04, 72 first graders became 81 second graders in 2004-05 creating a coefficient of survival of 112.50; in 2004-05, 89 first graders remained at a cohort of 89 in 2005-06 producing a coefficient of 100.00. This exercise is repeated through the 2007-08 year and produces an average coefficient of survival as a cohort of children move from grade 1 to grade 2. In this illustration, the average cohort of survival is 102.46 which is then used to estimate that the 82 first grade students in East Moriches in 2007-08 will produce a 2nd grade numbering 84 pupils in 2008-09. This process is repeated for each grade level cohort in the two districts to produce a cohort survival enrollment projection. It should be noted that in the interest of space in printing the enrollment projection charts for the two districts, year 2002-03 enrollment is not shown. The coefficient of survival from the movement of the 2002-03 cohort into the next grade level in 2003-04 is shown, however.

Consultants' Note 1: Despite repeated requests throughout the length of the study, the East Moriches district was unable to produce data which disaggregated separate 9th, 10th, 11th, and 12th enrollment totals for each year from 2002-03 through the current 2007-08. The district was able only to supply the total number of high school pupils 9-12 for which it paid tuition during those years. As a result, the enrollment projections for East Moriches grade 9-12 for the year 2008-09 and beyond is shown as an aggregate high school enrollment figure which is produced by the sum of grade 8 enrollments of the four preceding years. While this method is not as precise or reliable as a cohort survival projection, it none the less produces a linear trend of anticipated secondary enrollment declines in the East Moriches community. Historical secondary enrollment data was available from Center Moriches and as a result the following table on **Center Moriches Enrollments and Projections** utilizes the more accepted cohort survival method of projecting future enrollment.

Consultants' Note 2: The incoming kindergarten enrollment used in years 2008-09 through 2017-18 was established through consultation with officials in the two districts. In Center Moriches the number was in part the result of a previously commissioned demographic study by the district. In East Moriches, the entering kindergarten enrollment projection reflects internal planning which as been done by the district. The projection graphs which follow, however, do include live birth data which is often used to project kindergarten enrollment trends. The Feasibility Study Committee, after reviewing the live birth data, was somewhat uncomfortable with using this data primarily because of considerable overlap in zip codes between the districts and the apparently large swings in reliability when using the live birth data. The consultants concur with the Committee.

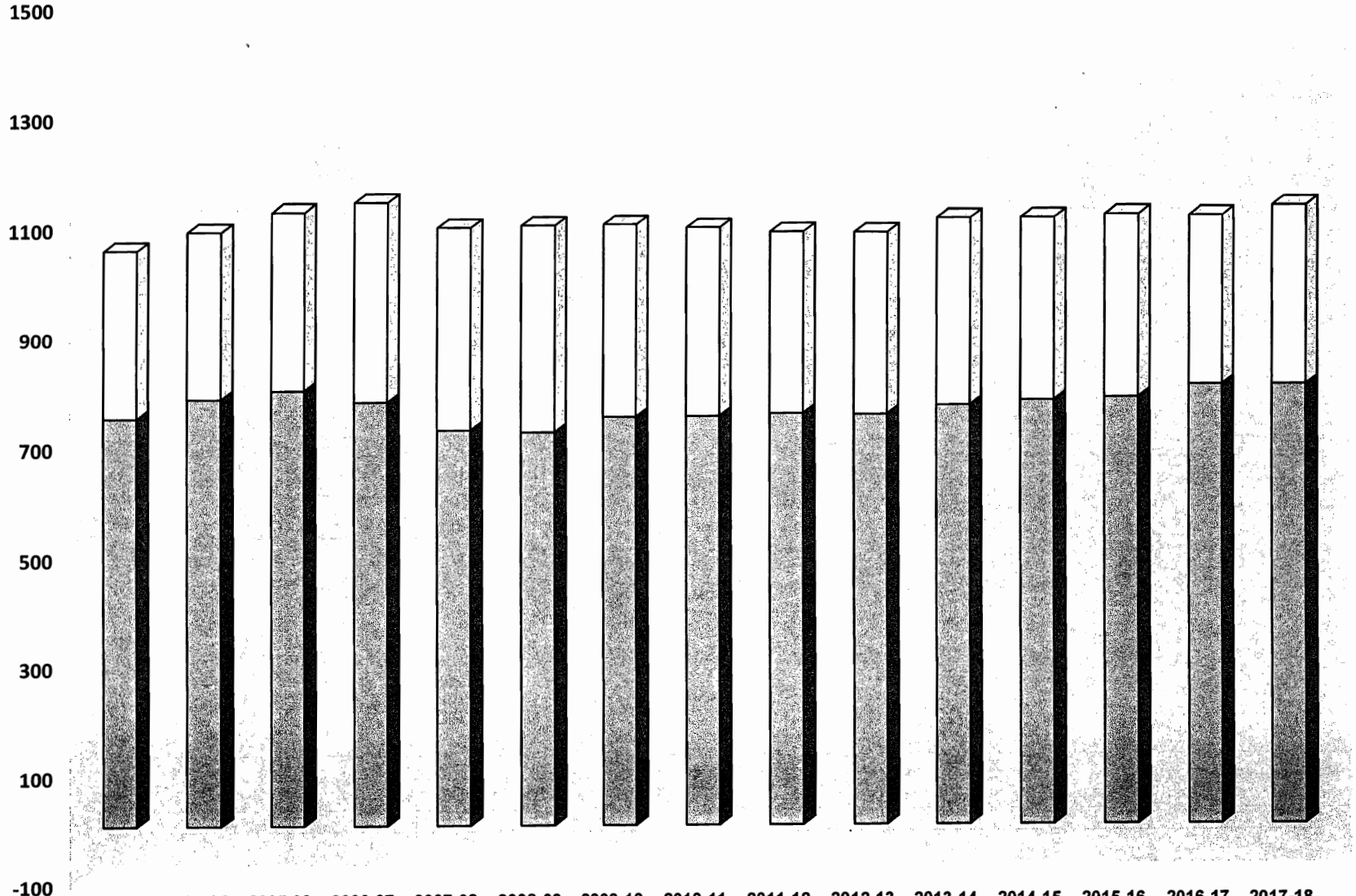
EAST MORICHES UNION FREE SCHOOL DISTRICT
ENROLLMENTS AND PROJECTIONS

	FALL BEDS ENROLLMENTS					PROJECTED ENROLLMENTS (District K Projections = 80)									
	1	2	3	4	5	5 Yr. Avr.	2	3	4	5	6	7	8	9	10
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Birth Yr.	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
East Moriches 11940	*64*	*51*	*62*	*44*	*46*	*51*	*68*	*58*	*45*	N/A	N/A	N/A	N/A	N/A	N/A
K	**68**	**74**	**83**	**78**	**60**	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**80**
Birth +5 yrs % > K	*106.25*	*145.10*	*133.87*	*177.27*	*130.43*	*138.59*									
1	**72**	**89**	**79**	**84**	**82**	**65**	**87**	**87**	**87**	**87**	**87**	**87**	**87**	**87**	**87**
	100.00	*130.88*	*106.76*	*101.20*	*105.13*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*
2	**81**	**81**	**89**	**73**	**81**	**84**	**67**	**89**	**89**	**89**	**89**	**89**	**89**	**89**	**89**
	110.96	*112.50*	*100.00*	*92.41*	*96.43*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*	*102.46*
3	**68**	**89**	**86**	**89**	**70**	**78**	**81**	**65**	**86**	**86**	**86**	**86**	**86**	**86**	**86**
	70.10	*109.88*	*106.17*	*100.00*	*95.89*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*	*96.41*
4	**100**	**69**	**94**	**89**	**93**	**74**	**82**	**86**	**69**	**91**	**91**	**91**	**91**	**91**	**91**
	113.64	*101.47*	*105.62*	*103.49*	*104.49*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*	*105.74*
5	**92**	**99**	**66**	**97**	**85**	**93**	**74**	**82**	**86**	**69**	**91**	**91**	**91**	**91**	**91**
	106.98	*99.00*	*95.65*	*103.19*	*95.51*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*	*100.07*
6	**94**	**102**	**101**	**67**	**94**	**89**	**97**	**77**	**86**	**90**	**72**	**95**	**95**	**95**	**95**
	110.59	*110.87*	*102.02*	*101.52*	*96.91*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*	*104.38*
7	**102**	**88**	**99**	**98**	**65**	**92**	**87**	**95**	**75**	**84**	**88**	**70**	**93**	**93**	**93**
	104.08	*93.62*	*97.06*	*97.03*	*97.01*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*	*97.76*
8	**68**	**89**	**98**	**99**	**93**	**64**	**91**	**86**	**94**	**74**	**83**	**87**	**69**	**92**	**92**
	101.49	*87.25*	*111.36*	*100.00*	*94.90*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*	*99.00*
K-8 Subtotal	**745**	**780**	**795**	**774**	**723**	**719**	**746**	**747**	**752**	**750**	**767**	**776**	**781**	**804**	**804**
K-8 Year-to-Year Change	*0.99*	*1.05*	*1.02*	*0.97*	*0.93*	*0.99*	*1.04*	*1.00*	*1.01*	*1.00*	*1.02*	*1.01*	*1.01*	*1.03*	*1.00*
			Average 2003-04 to 2008-09 =			*0.99*									
Receiving District:															
Eastport-South Manor	21	23	24	29	37										
Center Moriches	66	66	57	64	76										
West Hampton Beach	220	217	247	273	258										
Tuition Subtotal	**307**	**306**	**328**	**366**	**371**	**379**	**354**	**347**	**334**	**335**	**345**	**337**	**338**	**313**	**331**
	295	*307*	*306*	*328*	*366*	*371*									
TOTAL ENROLLED	**1,052**	**1,086**	**1,123**	**1,140**	**1,094**	**1,098**	**1,100**	**1,094**	**1,086**	**1,085**	**1,112**	**1,113**	**1,119**	**1,117**	**1,135**

Secondary Projection = Sum of Grade 8 of four preceeding years.

Re: Live Birth Statistics - Suffolk County (Town of Brookhaven)
Peter M. Herzfeld [pmh03@health.state.ny.us]

EAST MORICHES UFSD - ACTUAL & PROJECTED ENROLLMENTS



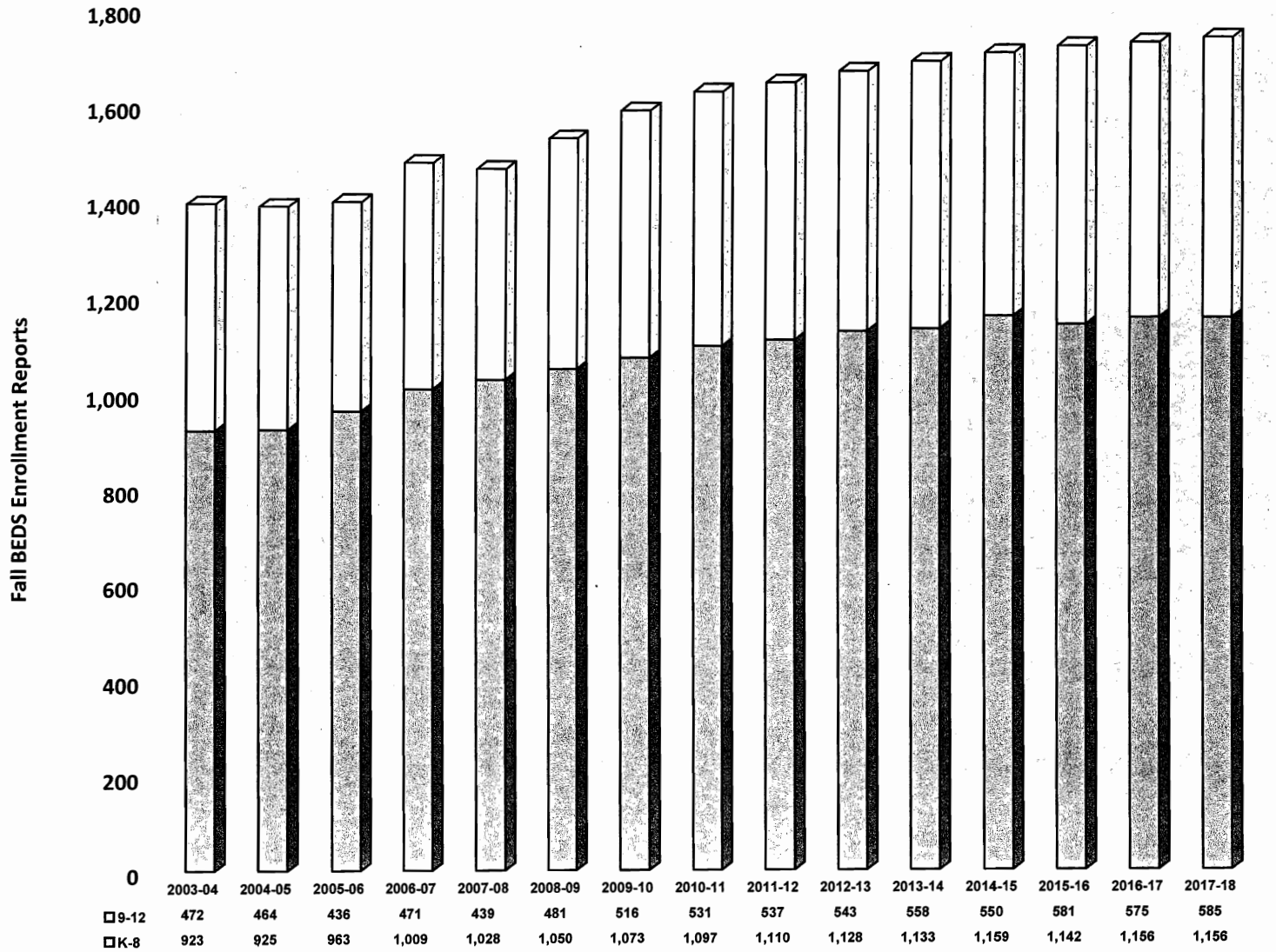
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Tuition Secondary	307	306	328	366	371	379	354	347	334	335	345	337	338	313	331
K-8	745	780	795	774	723	719	746	747	752	750	767	776	781	804	804

CENTER MORICHES UNION FREE SCHOOL DISTRICT
ENROLLMENTS AND PROJECTIONS

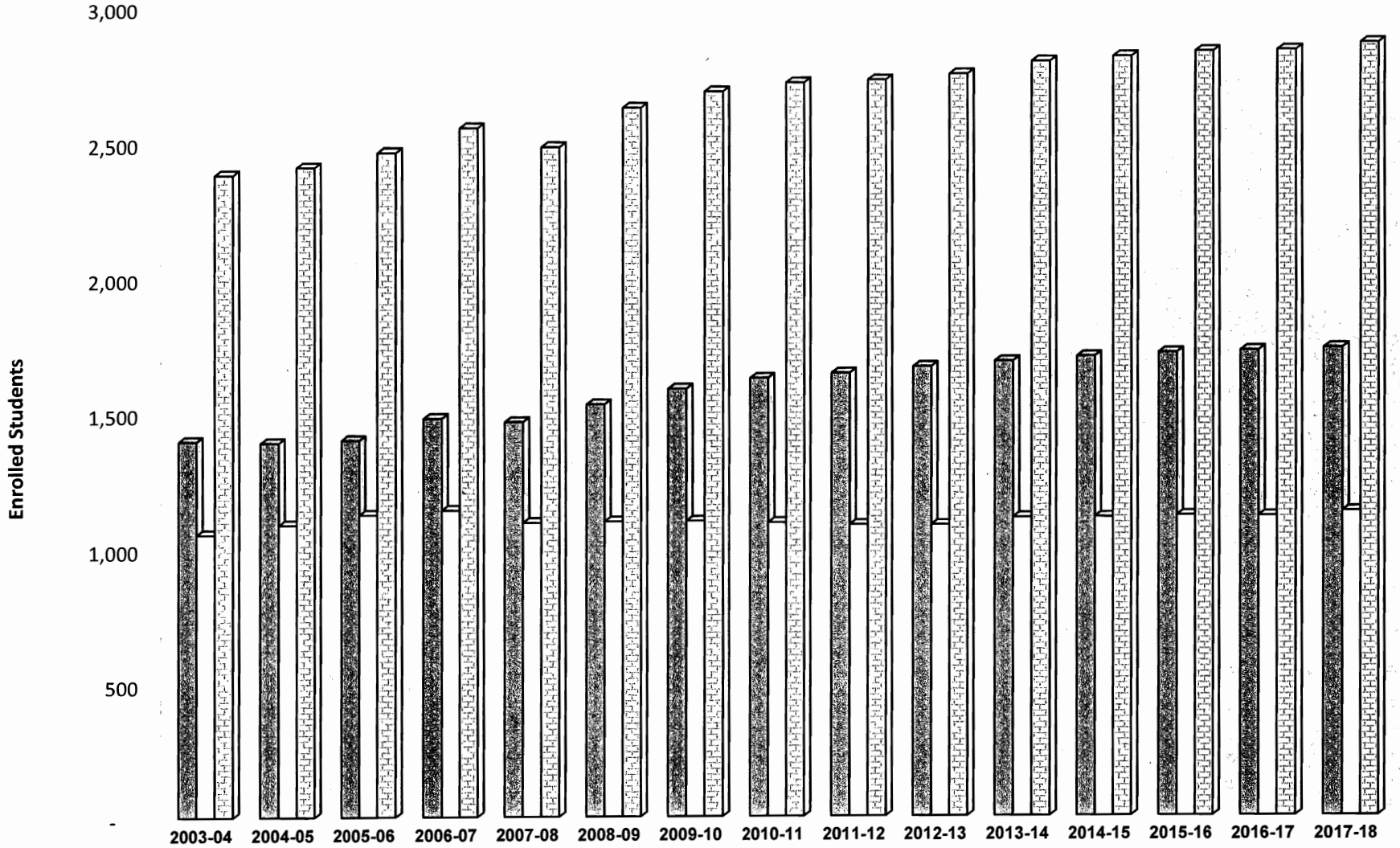
	FALL BEDS ENROLLMENTS					PROJECTED ENROLLMENTS (District K Projections = 125)									
	1	2	3	4	5	5 Yr. Avr.	2	3	4	5	6	7	8	9	10
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Birth Yr.	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Center Moriches 11934	*88*	*108*	*102*	*118*	*116*	*122*	*115*	*107*	*123*	N/A	N/A	N/A	N/A	N/A	N/A
K	108	104	112	145	111	125	125	125	125	125	125	125	125	125	125
Birth +5 yrs % > K	*122.73*	*96.30*	*109.80*	*122.88*	*95.69*	*109.48*									
1	114	99	102	112	141	110	124	124	124	124	124	124	124	124	124
	107.55	*91.67*	*98.08*	*100.00*	*97.24*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*	*98.91*
2	110	113	119	119	107	149	116	131	131	131	131	131	131	131	131
	97.35	*99.12*	*120.20*	*116.67*	*95.54*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*	*105.78*
3	98	106	111	108	111	102	142	110	125	125	125	125	125	125	125
	97.03	*96.36*	*98.23*	*90.76*	*93.28*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*	*95.13*
4	106	90	99	121	111	111	102	143	110	125	125	125	125	125	125
	104.95	*91.84*	*93.40*	*109.01*	*102.78*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*	*100.39*
5	101	105	110	115	120	118	118	108	152	117	133	133	133	133	133
	94.39	*99.06*	*122.22*	*116.16*	*99.17*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*	*106.20*
6	117	115	111	105	117	131	128	128	117	165	127	145	145	145	145
	127.17	*113.86*	*105.71*	*95.45*	*101.74*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*	*108.79*
7	78	96	106	101	100	102	114	112	112	102	144	111	126	126	126
	75.73	*82.05*	*92.17*	*90.99*	*95.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*	*87.24*
8	91	97	93	83	110	102	104	116	114	114	99	140	108	122	122
	102.25	*124.36*	*96.88*	*78.30*	*108.91*	*102.14*	*102.14*	*102.14*	*102.14*	*102.14*	*96.88*	*96.88*	*96.88*	*96.88*	*96.88*
9	138	104	94	115	140	138	128	131	146	143	143	125	176	136	153
	125.45	*114.29*	*96.91*	*123.66*	*168.67*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*	*125.79*
10	113	135	103	100	117	143	141	131	134	149	146	146	128	180	139
	105.61	*97.83*	*99.04*	*106.38*	*101.74*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*	*102.12*
11	131	106	136	115	92	115	141	139	129	132	147	144	144	126	177
	94.24	*93.81*	*100.74*	*111.65*	*92.00*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*	*98.49*
12	90	119	103	141	90	85	106	130	128	119	122	135	133	133	116
	90.91	*90.84*	*97.17*	*103.68*	*78.26*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*	*92.17*
K-8	923	925	963	1,009	1,028	1,050	1,073	1,097	1,110	1,128	1,133	1,159	1,142	1,156	1,156
9-12	472	464	436	471	439	481	516	531	537	543	558	550	581	575	585
TOTAL	1,395	1,389	1,399	1,480	1,467	1,531	1,589	1,628	1,647	1,671	1,691	1,709	1,723	1,731	1,741
TOTAL	1,395	1,389	1,399	1,480	1,467	1,531	1,589	1,628	1,647	1,671	1,691	1,709	1,723	1,731	1,741

Re: Live Birth Statistics - Suffolk County (Town of Brookhaven)
Peter M. Herzfeld [pmh03@health.state.ny.us]

CENTER MORICHES UFSD - ACTUAL & PROJECTED ENROLLMENTS



FALL ENROLLMENTS



	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Center	1,395	1,389	1,399	1,480	1,467	1,531	1,589	1,628	1,647	1,671	1,691	1,709	1,723	1,731	1,741
East	1,052	1,086	1,123	1,140	1,094	1,098	1,100	1,094	1,086	1,085	1,112	1,113	1,119	1,117	1,135
Combined	2,381	2,409	2,465	2,556	2,485	2,629	2,689	2,722	2,733	2,756	2,803	2,822	2,842	2,848	2,876

FALL BEDS ENROLLMENT DATA

Grade =	K	1	2	3	4	5	6	U.E.	7	8	9	10	11	12	U.S.	TOTAL
2003-04																
Center	108	114	110	98	106	101	95	22	78	91	138	113	131	90	0	**1,395**
East	68	72	81	68	100	92	88	6	102	68	0	0	0	0	***307***	**1,052**
Combined	176	186	191	166	206	193	183	28	180	159	138	113	131	90	307	**2,447**
												Less EMO Tuitioned to CMO				**(66)**
												Merged Total Enrollment				**2,381**
2004-05																
Center	104	99	113	106	90	105	106	9	96	97	104	135	106	119	0	**1,389**
East	74	89	81	89	69	99	100	2	88	89	0	0	0	0	***306***	**1,086**
Combined	178	188	194	195	159	204	206	11	184	186	104	135	106	119	306	**2,475**
												Less EMO Tuitioned to CMO				**(66)**
												Merged Total Enrollment				**2,409**
2005-06																
Center	112	102	119	111	99	110	111	0	106	93	94	103	136	97	6	**1,399**
East	83	79	89	86	94	66	101	0	99	98	0	0	0	0	***328***	**1,123**
Combined	195	181	208	197	193	176	212	0	205	191	94	103	136	97	334	**2,522**
												Less EMO Tuitioned to CMO				**(57)**
												Merged Total Enrollment				**2,465**
2006-07																
Center	145	112	119	108	121	115	105	0	101	83	115	100	115	135	6	**1,480**
East	78	84	73	89	89	97	67	0	98	99	0	0	0	0	***366***	**1,140**
Combined	223	196	192	197	210	212	172	0	199	182	115	100	115	135	372	**2,620**
												Less EMO Tuitioned to CMO				**(64)**
												Merged Total Enrollment				**2,556**
2007-08																
Center	111	141	107	111	111	120	117	0	100	110	140	117	92	90	0	**1,467**
East	60	82	81	70	93	85	94	0	65	93	0	0	0	0	***372***	**1,095**
Combined	171	223	188	181	204	205	211	0	165	203	140	117	92	90	372	**2,562**
												Less EMO Tuitioned to CMO				**(77)**
												Merged Total Enrollment				**2,485**

Half Day

Values used for ALL Per Pupil projections.

CMA
Capital Markets Advisors, LLC

Staffing

The legal rights of the employees of the Center Moriches UFSD and the East Moriches UFSD were reviewed by the Feasibility Study Committee and are expressed below:

Legal Rights of Teachers after Reorganization

Teachers in the former school districts become employees of the consolidated district. If instructional positions are subsequently abolished, individuals with the least seniority within each specific tenure area of abolished positions are released and placed on a preferred eligible for a period of seven years after dismissal. Subsequent vacancies must be filled from the preferred eligible list in seniority order.

For salary, sick leave and any other purposes, the length of service credited in the former district shall be credited as employment time with the newly consolidated district.

These same provisions are in effect for all certificated administrators in the two districts, except those who are designated as superintendent.

Conclusions and Recommendations: It is unlikely that, should the districts merge, there would be occasion for any teacher or administrator layoffs. In fact, following a merger which would bring an additional 250-300 high school pupils to the new district, a significant number of high school teaching positions would be added.

Legal Rights of the Superintendents

The superintendents of the two former districts, lacking tenure status, do not have any statutory rights to that position in the new district. The appointment of a superintendent of the newly consolidated district would be made by the board of education of the new district. However, when the superintendents of the districts included in the reorganization have an employment contracts, such contracts are considered a property right and are therefore an obligation which is binding upon the new

district.

If the newly consolidated district determines not to employ such superintendent(s) in some capacity, it may discharge its contractual obligation by paying the salary which he or she would have earned pursuant to such contract, less any income obtained from employment elsewhere during the term of the contract.

Conclusions and Recommendations: Both districts currently have a superintendent of schools under contract. One of the first duties of the new board of education will be to determine if one of the two sitting superintendents will be retained or if the position is to be opened to outside candidates. It is customary for the BOCES District Superintendent to assist and advise the new district until a superintendent is in place.

Legal Rights of Civil Service Staff

Non-teaching personnel appointed pursuant to the Civil Service Law will have different employment rights depending on their civil service class, e.g., competitive, non-competitive, labor, etc. The appropriate local civil service agency should be consulted for assistance to ensure appropriate treatment of these employees.

In any case, labor contracts which were in force prior to the consolidation terminate upon the legal consolidation of the former districts. Successor contracts would be negotiated.

Conclusions and Recommendations: It is unlikely that any non-instructional personnel currently employed in the two districts would be laid off following a merger. The consultants can foresee a circumstance where current employees of the two districts business offices whose duties are duplicative once the business offices merge, might be transferred based upon seniority to other duties within the district since it is likely that the newly expanded district will need to create several new administrative offices.

Labor Contracts

Center Moriches- East Moriches
Teachers Contract Analysis

Following a consolidation of the two districts the labor contracts currently in force cease to exist, except for the provision that currently negotiated agreements remain in force until a successor agreement has been negotiated within the new district. All employees in the new district who are eligible to be participants in a contract labor agreement are then covered by a single labor agreement in each area of employment, such as instructional, administrative, civil service, etc.

Analysis of the respective instructional and non-instructional labor agreements currently in force in Center Moriches and East Moriches was conducted by the consultants and conclusions were presented to the Feasibility Study Committee. Representatives of the two teachers associations participated in the analysis of those respective contracts.

Center Moriches and East Moriches

Teachers Contracts

Language and Benefits

Category	Center Moriches	East Moriches
Leave	13 sick; 3 personal; 3 bereavement immediate family	10 sick; 2 personal; 5 bereavement spouse, child; 1 family
Health	10 % employee contribution	15 % employee contribution; Pre- 1996 employees pay 15% by 2010
Teaching Load	5 periods; extra pay for 6th	6 periods
Work Year	183	185
Work Day	7 hours 24 minutes	6 hours 40 minutes
Buy back leave	Sell back up to 100 days	Sell back up to 160 days
Other	Requires "advisory period" for elementary and middle level teachers	No advisory period required

Conclusion- While several differences appear, there is nothing in either contract which would prohibit negotiation of a successor agreement.

Salary Comparison

Years of Teacher Service On Schedule	Center Moriches Including Longevity Payment	East Moriches Including Longevity Payment
1 year	$49,775	$46,768
5 years	57,231	56,470
10 years	68,174	68,595
15 years	81,248	80,709
25 years	91,780	91,337
	Note: CM schedule steps Include M+75	EMO schedule stops at M+60

Conclusion- The salary agreements are remarkably close in terms of compensation at each relative level on the salary schedule. Relatively few teachers in either school district exceed 60 graduate hours of schooling beyond a Masters' Degree.

The closeness of the two salary schedules is critical in that in the opinion of the consultants little or no merger incentive aid would be required to bring salaries of one group of teachers in line a group from the other district, should a merger occur.

There is nothing in either contract that would prevent negotiation of a successor agreement.

Teachers Association Concerns

Representatives of the two Teachers Associations who reviewed the two contracts with the consultants are understandably wary of changes in working conditions or compensation that might occur should a merger of the two districts occur. Several specific concerns expressed by the professional staff are expressed below:

1. Resolution to length of workday issues between the two districts
2. At the very top of the schedule, some EMO teachers are "max'd out" since their schedule does not have the equivalent number of columns and steps as CM's.
3. CM teachers are concerned about losing a richer health insurance benefit which the currently enjoy as compared to EMO teachers.
4. The difference in requiring an advisory period of work for CM teachers but not current EMO teachers was expressed.
5. The potential for involuntary re-assignments to other buildings/tenure areas looms for some professional staff members.

Administrative and Management Structure

Position	Center Moriches	East Moriches	If Combined	Comments	Hidden Cost/Savings
Superintendent	1.0	.5*	1.0	*also serves as elem principal	$60K
Asst Superintendent	0	0	1.0 *	*Curriculum and Personnel	($150K)
Business Administrator	Part time	1.0 *	1.0	*currently p/t consultant too	
Dir. Special Ed/PPS	1.0	1.0*	1.0	*also functions as elementary asst prin	
High School Principal	1.0	0 NA	1.0		
Asst High School Prin	1.0	0 NA	1.0	Might necessitate 2nd Asst Prin*	
Middle School Principal	1.0	1.0	2.0*	*If middle schools combined, add 1.0 FTE asst MS prin	
Asst Middle Sch Prin	0	0	0 *	*see above	
Elementary Principal	1.0	.5*	2.0	*also serves as superintendent	($60K)
TOTAL					($150,000)

COMPARATIVE ANALYSIS: NON-INSTRUCTIONAL PERSONNEL SALARY AND BENEFITS EAST MORICHES UFSD AND CENTER MORICHES UFSD

Introduction:

The Center Moriches UFSD reports employment of 77 non-instructional employees represented by three different bargaining units. The contract with the Paraprofessional Association runs through June 30, 2009. The contract with Local 237, Teamsters runs through June 30, 2008, and the contract with The Office staff Association runs through June 30, 2008.

The Paraprofessional Association represents all Paraprofessionals in the district. The Local 237, Teamsters represents all custodial staff, and the Office Staff Association represents all non-confidential clerical staff in the district.

The East Moriches UFSD reports the employment of 28 non-instructional employees represented by two different bargaining units. The contract with the CSEA local 1000 AFSCME was recently renegotiated and is in effect retroactively from July 1, 2006 through June 30, 2009. The contract with The United Public Service Employees Union (UPSEU) runs through June 30, 2007.

The CSEA Local 1000 AFSCME represents all clerical and custodial staff in the district. The UPSEU represents all Paraprofessionals in the district.

The following pages contain the key components of all non-instructional contracts in both districts for review, and provide an analysis of the major differences between salary and benefits for comparable employee classifications.

CENTER MORICHES

Bargaining Unit	Local 237, Teamsters	Paraprofessional Assoc.	Office Staff Assoc.
Term	2005-08	2006-09	2005-08
Salary	Increases: '05 – 3.25% '06 – 3.50% '07 – 3.50% '05-'06 only grounds-keeper III $55,000	Increases: '06 – 3.25% '07 – 3.50% '08 – 3.50%	Increases: '05 – 3.25% '06 – 3.50% '07 – 3.50%
	longevity: 3 yrs. = $300 to 15 yrs. = $1,000		longevity: 2 yrs. = $600 thru 15yrs =$950
	Attendance bonus: 0 absence = $800 1 " = $700 2 " = $600	attendance bonus: 0 absences = $400 1 " = $200 2 " = $100	attendance bonus: 0 absences = $750 1 " = $600 2 " = $500
	Severance pay: Upon retirement ½ % of base for each Year worked, plus	severance pay: after 10 yrs. Payment for 1 unused sick day for every 2 accumulated	severance pay: after 5 yrs 1% of base for each year of servi plus payment for 1 unus

	Payment for 1 unused Sick day for every 3 ac- Cumulated of a 200 max	of an 80 day max.	sick day for every 3 accumulated of a 220 day maximum Merit pay: Possible 2% annually
	Salary schedule 2007-'08: Groundskeeper I $ 29,683 Custodial Worker II $32,000 Maintenance Mech. I $42,270 Maintenance Mech II $45,938 Groundskeeper II $38,969 Groundskeeper III $48,165	Salary schedule 2007-08: Starting salaries: Year 1 $10,783 thru Year 20 $20,413	Salary schedule 2007-'08 Driver/Mess. $25,460 Clerk-Typist $28,351 Steno $29,655 Accounts Clk. $30,173 Accounts C/T $31,994

Bargaining Unit	Local 237, Teamsters	Paraprofessional Assoc.	Office Staff Assoc.
Leave Policy	Vacation: 0-5 yrs.= 12 days 5-8 " .= 15 " 8-10 " = 18 " 10-15" = 21 " 15+ " = 24 " Accumulate 30	Vacation: teacher calendar	Vacation: 0-3yrs. = 12 days 3-5 " = 14 " 5-8 " = 16 " 8-10" = 19 " 10-15" = 22 " accumulate 29

	Sick days: 15 per year accumulate 200	Sick days: 10 per year 4 for family accumulate 80	Sick days; 18 per year 5 for family Accumulate 220
	Personal days: 3 per yr.	Personal days, 3 per year	
	Bereavement: 3 days immediate family 1 funeral day extended fam.	Bereavement: 3 days immediate family	Bereavement: 3 days immediate family
Holidays	14 paid	teacher calendar	16 paid + 5 during Spring or Winter Recess
Work Load	5 days @ 8 hrs. per day 7 " " night Overtime 1.5 over 40 2 for Sundays	5 days @ 6hr 15 min/day	5 days @ 7hr per day overtime 1.5 over 40 or comp time
Grievance	Binding Arbitration	Advisory Arbitration	Advisory Arbitration
Uniforms	District provides		
Professional Imp.		$60 per credit approved	$100 per credit
Bargaining Unit	Local 237, Teamsters	Paraprofessional assoc.	Office Staff Assoc.

Health Insurance	Same plan as teachers 12% employee pay 50 % of premium for Non-participators	Same plan as teachers 12% employee pay	Same plan as teachers 12 % employee pay 50% of premium for non-participants Term life insur. $30,000
Welfare Fund	District contributes per Employee per year 2005 - $1,500 2006 - $1,600 2007 - $1,700		

EAST MORICHES UFSD

Bargaining Unit	CSEA Local 1000 AFSCME	UPSEU
Term	2006-2009	2007-2010
Salary	'06 - $2,500 '07 – 3.25% '08 – 3.75%	'07 - $17,500 full $9.75 hr. part time '08 – 3.5% full $9.75 hr part time '09 – 3.25% full $9.75 hr part time

	Longevity: 10yrs. = $850 15 " = $1,000 20 " = $1,200 30 " = $1,500	Longevity: 10 yrs. = $1,350 15 " = $1,500 20 yrs. = $2,000
	Severance pay: 1 unused sick day for Every 3 days of accumulated Sick leave not to exceed 120 days, over the age of 55, Compensation for 50% of accum- ulated sick days up to 180	
Leave Policy	Vacation: 1 yr. = 1 week 15 yrs. +1 2 " = 2 weeks 20 yrs. +2 5 " = 3 " 25 yrs +5 10 " = 4 " 14 paid Holidays clerical 12 + 2 paid Holidays custodians	teacher calendar
	Sick days: 1 day per month worked Max accum. 360	Sick days: 1 day per month worked max accum. 100

EAST MORICHES

Bargaining Unit	CSEA Local 1000, AFSCME	UPSEU
	Personal days: 2 per year	Personal days: 2 per year
	Bereavement: 5 days immediate family 3 days extended family	Bereavement: 5 days immediate family 2 days extended family
Work Load	Clerical 5 days/wk 7 hrs/day Clerical, School closed, 5hrs./day Custodial 5 days/wk. 8 hrs/day $2 per hr. night shift Overtime 1.5 over 40, 2 Sundays	5 days/wk 6 2/3 hrs./day 4 hrs./day part time Overtime 1.5 over 40 hrs. 2 Sundays
Grievance	Advisory Arbitration	Advisory Arbitration
Health Insurance	Same policy as teachers 15% share $20,000 term life/ $500 max 50% premium for dental	Same as teachers 20% share $4,400 non participator $20,000 term life District pays $245 toward Dental

Retire after 15+ years	Same
15 % 1st 3 yrs 5+5+5	
Health Employee responsible for	
All future premium increases	

COMPARATIVE ANALYSIS OF NON-INSTRUCTIONAL SALARY DIFFERENCES BETWEEN CENTER MORICHES UFSD AND EAST MORICHES UFSD

CLERICAL STAFF

Comparing selected actual salaries paid by both Districts revealed the following:

Center Moriches			East Moriches		
Account Clerk Typist	2yrs.	$33,307	ACT	6yrs.	$37,191
Sr. Clerk Typist	5yrs.	$38,800	SCT	7yrs.	$34,575
Clerk Typist	6yrs.	$32,845	CT	15yrs.	$35,944
Principal Steno	6yrs.	$44,577	None (School Secretaries Are SCT's		

Comments: In general, clerical staff in CMO are paid more than in EMO. Should salaries be equalized it is estimated that the cost would be $20,000 if all staff remains.

CUSTODIAL STAFF

Comparing selected actual salaries paid by both Districts revealed the following:

Center Moriches			East Moriches		
Custodial Worker 1	2yrs.	$28,679	CW 1	2yrs.	$27,604
Custodial Worker 2	2yrs.	$30,918	CW2	None	
Groundskeeper 1	None		GK1	20yrs.	$59,616
Groundskeeper 2	3yrs.	$43,890	GK2	None	
Groundskeeper 3	3yrs.	$59,309	GK3	None	
Chief Custodian	None		CC	9yrs	$55,554

Comments: It's difficult to compare due to a lack of people in certain titles. It appears that CMO generally pays more for similar positions. If all staff remains the same it is estimated that $15,000 would be required to equalize salaries.

Para-Professionals

Comparing selected actual salaries paid by both Districts revealed the following:

Center Moriches			East Moriches		
Para-Professional	1yr.	$10,783	Para	1yr.	$17,500
	9yr.	$16,280		9yrs.	$17,500

Comments: Paras in the first 9 years are paid more in East Moriches than in Center Moriches. Center Moriches has more than 20 Paras in that category. If all staffing remains the same, it is estimated that the cost to equalize salaries could be $50,000.

ANALYSIS OF SIGNIFICANT DIFFERENCES IN LABOR RELATIONS AGREEMENTS FOR NON-INSTRUCTIONAL EMPLOYEES IN CENTER MORICHES UFSD AND EAST MORICHES UFSD

This analysis occurred in June, 2007, and made comparisons based on operating contracts in effect at that time. This analysis does include the newly ratified agreement for the East Moriches CSEA Local 1000 which was retroactive to July 1, 2006, and the newly agreed upon contract for the UPSEU which begins July 1, 2007 and expires June 30, 2010 All other negotiated contracts are in place in both Districts.

Clerical

Minor differences occur in both salary increases and longevity stipends for both Districts. The clerical unit in Center Moriches has the potential for "attendance bonuses" not found in East Moriches. Severance pay rules are different and would need to be codified. Center Moriches has a potential "merit pay" clause that allows a possible 2% annual award. Center Moriches' contract includes a salary schedule for starting salaries wile East Moriches does not have a formal starting salary in the contract. East Moriches grants 14 paid holidays to clerical staff while Center Moriches grants 16 paid holidays plus an additional 5 days during a recess. Both districts provide similar vacation days. Center Moriches' contract allows staff to accumulate 29 unused vacation days, but there is no clause for accumulation in East Moriches. East Moriches' contract provides 12 sick days per year with a maximum accumulation of 360 unused days. Center Moriches' contract provision is for 18 days per year (5 for family illness) with a maximum accumulation of

220 unused days. The Center Moriches' contract provides 0 personal days compared to 2 in East Moriches. Both Districts have similar bereavement clauses. Both units have the same workload and similar overtime provisions. Both units are subject to advisory arbitration grievance resolution. Both units are part of district wide health insurance plans with East Moriches' members paying 15% of premium cost and Center Moriches' members paying 12%. Both have term life insurance options.

Custodial

Both units received similar salary increase and longevity bonuses. Both units have severance pay provisions. East Moriches provides 1 day for every 3 accumulated sick days upon severance. Retirees will receive compensation for 50% of accumulated days up to a max of 180. Center Moriches provides severance upon retirement with payment of 1 day for every 3 accumulated to a 200 day max plus ½ % of base salary for every year worked. Center Moriches members are also eligible to receive an "attendance bonus" East Moriches has no contractual starting salary schedule while Center Moriches does. Vacation provisions are similar between the units. Both receive 14 paid holidays. Center Moriches unit members receive 15 sick days per year with unused accumulating to a max of 200. East Moriches' unit members receive 12 sick days per year accumulating unused days to a max of 360. Both receive personal and bereavement days. Both have similar workload and overtime clauses. The units have different grievance resolution. Center Moriches has a binding arbitration clause while East Moriches has advisory arbitration. Both units contribute to their health insurance premiums, and Center Moriches provides a term life benefit. In addition, Center Moriches pays $1,700 per year per employee in a "welfare fund".

Para Professionals

The major difference between the two contracts is in the salary provisions. Paras in East Moriches currently start at a base of $17,500 annually. This is compared to a starting salary of $10,783 in Center Moriches. It's not till the ninth year of service that salaries become comparable. Center Moriches has a majority of its Paras in this category and will create a significant cost to equalize salaries. Center Moriches' Paras will receive salary increases of 3.5% in the '07 and '08 school years. East Moriches' Paras have a new agreement that will provide salary increases for full time employees of 3.5% in 2008 and 3.25% in 2009.. East Moriches Paras receive longevity increases at 10, 15, and 20 years. There is no longevity clause in the Center Moriches'contract. Both units work a teacher calendar. Paras in East Moriches work 30 minutes a day longer than Paras in Center Moriches. Center Moriches' Paras receive 1 more personal day but two less bereavement days per year than Paras in East Moriches. Both units receive 10 sick days per year, and both have term life options. Both have advisory arbitration grievance resolution. East Moriches Paras pay 20% of their health insurance premium compared to 12% in Center Moriches.

SUMMARY:

This analysis of the five different contracts for the non-instructional staff of Center and East Moriches Union Free School Districts provides some areas of concern for a potential merger of the two school districts.

First, there are five different bargaining unit representatives for custodial, clerical and para professionals in the two districts.

Secondly, For all the similarities of salary and benefits, there are some significant differences. Clerical and custodial staff are generally paid more in Center Moriches, while Paras are paid more in their first nine years in East Moriches than those in Center Moriches.

It is estimated that the cost to "level up" salaries in a newly merged district would be at least $85,000. This estimate is based on the assumption that all staff remain in place.

The Consultants believe that none of the issues of difference between the labor contracts of the two districts are so insurmountable that they would block a reorganization of these two school districts.

Staffing Conclusions

1. Certificated Staff:
   - There are no provisions in either contract which would serve as an impediment to consolidation

2. Non-Instructional Staff
   - There is nothing in either contract which would prevent consolidation

3. Cost to Level up Salaries following a Merger
   - Teachers – $0
   - Non-Instructional – At least $85,000

4. Staff Savings/Costs as a Result of "Economics of Scale"
   - A merger would produce no financial savings in administrative costs
   - A merger would require at least an additional $150,000 annually to be spent on administrative leadership

5. Other staffing comments
   - A merger may provide the opportunity to expand leadership in the areas of: school finance, instructional supervision, and personnel

administration. The use of incentive aid available should be considered to hire new staff in some or all of these areas. (see $150,000 above)

- If a merger does not occur the districts should carefully consider the following:
    1. The Center Moriches district should strongly consider securing a full time business administrator to supervise its nearly $30,000,000 budget.
    2. The East Moriches district should reinstate the full time elementary principal position excessed in 2006-07.
    3. The East Moriches district should return its superintendent to full time central office leadership duties. Since 2006-07 the position has included serving as elementary building principal in addition to chief school officer duties.
    4. The East Moriches district should review each of the 7 teaching positions cut in 2006-07 and not restored in the 2007-08 budget against current district standardized test performance to determine which may need reinstating.
    5. The East Moriches district should review each of the non-instructional positions cut in 2006-07 and not refunded in 2007-08 and determine if any are critical to the school district's instructional, health or safety mission.

FACILITIES

DESCRIPTION AND CONDITION

CENTER MORICHES UFSD

The Center Moriches UFSD is an Eastern Long Island school district located on the south shore of Suffolk County. The district's four buildings are all located within the village of Center Moriches. Facilities include an Administration/ Special Services Building, the Center Moriches Middle and High School Building, the Clayton Huey Elementary School Building, and a maintenance building.

The following information has been extracted from a Five Year Capital Facilities Plan developed by the Tagi a. Garbiza & Associates architectural firm's 2005 Building Condition Survey and from a 2006 report from the district's Facilities Advisory Committee.

ADMINISTRATION/SPECIAL SERVICES BUILDING

This building was built in 1939 as a residential dwelling. It is located at 529 Main Street, Center Moriches. The building was renovated in 2002 creating two stories of administrative office spaces. The building houses the district's Central administration and Special Services divisions in 3500 sq. ft. of space. The architects found the building to be in "good" condition except for specific items to be corrected. The asphalt shingle roof was replaced in 2006.

A future capital project should include work addressing a recommendation from the district's Facilities Advisory Committee to improve the air quality in the building by installing an automatic humidifier to the furnace.

CLAYTON HUEY ELEMENTARY SCHOOL

The elementary building is located at 511 Main Street in Center Moriches. The original structure was built in 1924 and was 43,000 sq. ft. in size. There have been six different capital projects adding wings of classrooms, gymnasium, cafeteria, and library space over the last thirty years. The facility currently houses 720 children in grades K-5 in 89,715 sq. ft. of space.

The architects rate the building as "satisfactory" with a variety of needs.

A future capital project should address the site sanitary system, roof resurfacing, window repairs, cracked wall on the stage, replacement of interior doors and the installation of more outlets in the original building for expanded technology.

CENTER MORICHES MIDDLE AND HIGH SCHOOL

The secondary school was built in 1979 as a one story steel framed masonry building. Located at 311 Frowein Rd. the building received an addition in 2003 for the middle school. The school houses 760 students in grades 6-12. The building occupies 92,790 sq. ft. and sits on a large lot with room for expansion.

The architects rate the building as "excellent". A future capital project should include the development of an irrigation system for the playfields, replacing of the unit ventilators, and replacement of a hot water heater.

MAINTENANCE BUILDING

The maintenance building is located a 311 Frowein Rd. It is used for a garage and offices for maintenance staff. It was built in 2003 as a pre-engineered metal building of 3600 sq. ft. The architects rate the building as "excellent" with no problems or deficiencies.

CENTER MORICHES UFSD
SUMMARY

The Center Moriches UFSD has a five year plan that needs to be updated to reflect the capital facilities needs addressed in 2005-2006 well as those from 2006-2007. The remaining items to be addressed should also be reprioritized for attention over the next five years. Items include: replacement of unit heat ventilators piping estimated at $600,000 at the Middle High School building. All parking areas need repair and improvement. Fuel tanks need to be removed at the secondary and elementary schools and replaced with new tanks. The district needs to engage in an energy use analysis program to find energy savings. Interior and exterior wall repairs need to be made at the elementary school along with replacing interior doors and adding additional electric outlets in the original building. The elementary school also needs window repair, roof resurfacing, and site sanitary work which could add another $400,000. The five year plan should also address the need to budget for capital improvements or to put together a capital project for close to a million dollars.

EAST MORICHES UFSD

The East Moriches UFSD is a contiguous district to Center Moriches also located on the south shore of Suffolk County. The district educates its K-8 students in two buildings both located within the village of East Moriches. The districts 9-12 students attend three neighboring high schools (including Center Moriches) on a tuition basis. The facilities include an elementary school and a middle school.

The following information was extracted from a 2005 Building condition survey compiled by the ECG Engineering, LLC firm and a Five Year Capital Facilities Plan prepared by the district administration.

ELEMENTARY SCHOOL

The Elementary school is located at 523 Montauk Highway in East Moriches. The facility was opened in 2004 and serves 415 students in grades K-4. The building has 72,500 square feet and is rated in "excellent" condition by the engineers. The five year plan calls for erecting a chain link fence around the exterior gas rig, repairing the playground surface, and the installation of a fire alarm in the main lobby.

MIDDLE SCHOOL

The Middle School is located at 9 Adelaide Ave. in East Moriches. The facility was built in 1951 and has had several additions and alterations over the last thirty years. The building houses 367 students in grades 5-8 in its 65,000 sq. ft. of space. The engineers rate the building as "satisfactory" and list needed repairs.

A future capital project should include; installation of GFI protection at sinks and exterior, front step repair, pave rear drywell setting and front parking lot, replace older roof sections, repair sidewalks, replace fuel tanks, and replace water heater. In addition, the District needs to remove seven portable classrooms adjacent to the middle school that are no longer used for student housing.

EAST MORICHES UFSD SUMMARY

The East Moriches UFSD has a five year plan that would address the capital facilities' deficiencies identified at both buildings. The vast majority of needs are for the Middle School. The district estimates repairs to cost approximately $295,000 over the next four years. A cost to demolish and remove the portable classrooms has yet to be determined.

Between the two school districts there is currently an estimated $1,300,000 worth of facilities improvements in the planning process.

ESTIMATING CONSTRUCTION COST

When Architects or Construction Managers are asked to "ball park' the cost of construction they use several factors which are relatively accurate based on their experience and the current cost of construction in a region. These costs are finalized during the design stage based on more specific study of the site and existing building condition. The contingency costs are built into the estimate in case unforeseen issues develop (finding unknown asbestos, contaminated site, etc.) or the owner decides to upgrade mechanicals, materials, furnishings, or a myriad of other possibilities.

Basic Factors For Estimating Construction Costs On Long Island 2006-'07

20 Classrooms Estimated Cost = $17,600,000 - $18,500,000

- 825 sq ft per classroom
- 45,000 sq ft
- $285 per sq ft
- 5% contingency
- Net to gross 1.5 for corridors, bathrooms, mechanicals
- 25% furniture, etc.
- 12.6 million + 10% contingency

15 Classrooms Estimated Cost = $13,600,000 - $14,500,000

OTHER POSSIBLE FACILITIES ITEMS TO BE CONSIDERED SHOULD MERGER BE APPROVED AND REORGANIZATION INCENTIVE AID BECOME AVAILABLE

The consultants talked with members of the administrative team from both Center Moriches and East Moriches districts regarding their thoughts for additional facility improvements that they would propose for consideration if reorganization incentive aid were available to a newly merged school district.

Suggestions

- Expand Center Moriches High School by 15 to 20 classrooms.
- Expand Center Moriches Middle School by 15 to 20 classrooms.
- Upgrade science labs
- Expand Career and Homes space
- Make all buildings wireless for internet access
- Make instructional technology "state of the art"
- Renovate Clayton Huey Elementary-Roofs, bathrooms, larger classrooms, accessibility issues
- Install digital control systems for energy management throughout the new district
- Renovate East Moriches Middle school-roofs, bathrooms, paving, accessibility issues, and technology upgrade.
- Renovate East Moriches Middle School locker rooms
- Reconfigure East Moriches Middle school auditorium

Consolidation Would Require Construction

The following section of the report will discuss recommendations for housing the student body of a newly merged school district. Classroom expansion is a "must' at the High School, and if the new school board decides to consolidate the middle schools as well, future capital projects phased over the next several years, will cost in excess of $35,000,000. A combination of building incentive aid and operating incentive aid could be allocated to pay for the entire local share of this new construction with no impact on the tax rate.

FACILITIES

Student Housing Plan

The Feasibility Study Committee considered the question of what would happen to housing of the new district's student body should a merger occur.

At its June 26, 2007 work session, the feasibility committee broke into small groups and discussed the issue of housing it's K-12 student population if a merger were to occur between the Center Moriches UFSD and the East Moriches UFSD. The committee was presented with grade level enrollments and the following givens for their consideration in making a recommendation:

- Not all pupils currently residing in the two communities would fit in available space
- Secondary programs must come together
- Construction of new space would require at least three years before occupancy
- Some EMO students would need to continue attending other high schools on a tuition basis until new high school space was available
- Currently 75-80 EMO students attend Center Moriches High School

The Feasibility Committee considered three options:

1. Retain elementary buildings in both school districts housing grades K-5, continue current middle school buildings in each community 6-8, enlarge the Center Moriches High School to accommodate approximately 330 additional students 9-12.
2. Retain both elementary buildings in both school districts housing grades K-5; enlarge the East Moriches Middle School to accommodate approximately 300 middle school students from Center Moriches Middle School. Enlarge the Center Moriches High School to accommodate approximately 330 9-12 students from East Moriches.
3. Place all K-3 children from both communities in the current East Moriches Elementary School. Place all grade 4-5 children from both communities in the current East Moriches Middle School. Place all 6-8 pupils from both communities in the Clayton Huey Elementary School, and all 9-12 students would attend the current Middle High School in Center Moriches.

STUDENT HOUSING RECOMMENDATIONS

Feasibility Committee's Recommendation

The Feasibility Committee's initial recommendation was option 2 (above).

Feasibility Committee's Rationale:

The rationale was based on an expressed belief that elementary students should not be moved any more than necessary. This would leave all K-5 students in the two existing elementary schools. Middle school children would be better able to assimilate from different schools if they attended a combined middle school prior to entering high school. It would also better insure a common educational experience for all 6-8 students. All 9-12 students would eventually attend an expanded Center

Moriches High School. *The combined high school was a common thread in all options considered.*

The third option was discounted because of its complexity and the amount of dislocation of elementary students from a home building.

During the work session of November 14, 2007, the consultants presented the following concerns and recommendations about the Feasibility Committee's initial student housing recommendations. The rationale for asking them to reconsider their preferred plan follows in the next few pages.

Consultants' Recommendation

After considerable review and with no disrespect for the deliberations of the Feasibility Committee, the consultants would suggest that the school board of the newly formed district consider an alternative recommendation.

We concur with the Committee that all K-5 students remain in their local districts, housed in their elementary buildings. We concur that there are important reasons for all 6-8 students to be combined in a single middle school. We also concur that all 9-12 students should eventually attend a renovated Center Moriches High School. Our differences are explained in the following rationale.

Consultants' Rationale:

The area of difference has to do with the location of the combined Middle School. We share the committee's beliefs that the earlier assimilation of students prior to High School is appropriate, and also believe that such a combination will provide a common educational experience for all middle school children.

We also believe that economies of scale could result by not having to duplicate all specialized facilities, instructional materials or special staffing needs in two separate

buildings. We also believe that there are real program benefits to be gained by having the middle school on the same campus as a high school. *For example: sharing of staff, enhanced articulation opportunities for middle and high school staff, and greater access for middle school students and staff to media centers, special labs and recreational facilities.*

Upon review we feel that the East Moriches Middle School would not be the most desirable location for a combined 600 pupil middle school. It is an attractive building, rich in tradition and pride. However, there are issues which need to be considered in making a decision about enlarging it for this new purpose. Because of its age, the original building needs extensive renovation and upgrading. A classroom and lab renovation of 12 to 15 classrooms would be required to accommodate an additional approximate 300 students from Center Moriches. This could require 40,000 square feet of new space plus additional parking as well as other sewer, water and other utility needs. There may well be a need for additional fields as well. An immediate problem involves State Education Department approval for building on the current site. State minimum requirements for Middle and Secondary schools call for; *1 acre per 100 students plus a base of 10 acres.* The existing site is approximately 12.3 acres. This building would require a minimum of 16 acres to meet SED approval. There is always opportunity for requesting a variance, but this is usually done in situations where there is real hardship and no other legitimate option. This potential merger has another option…one that meets all of the previously discussed positives for combining middle schools.

We recommend that the newly merged School District transition its grade level organization and facilities needs over a multi year period with the eventual goal of having both the middle and high school students housed on the current Center Moriches campus.

Student Housing Transition

Phase One

Upon community approval for a newly merged district, a capital project should be planned and presented to the community for their approval to expand the Center

Moriches High School by adding an additional 20 classrooms and labs. It is estimated that this project would cost approximately $20,000,000. Other facilities needs district wide could also be a part of this capital project increasing the cost to $23,000,000. The taxpayers in both communities would benefit from the special NYS Reorganization Building Aid, and the potential use of NYS Reorganization Incentive aid to limit local cost on this and future capital projects.

During the first three years of this project, the high school addition would be under construction. The current East Moriches students enrolled in the high school would remain and East Moriches ninth graders would be enrolled. Over the 3 year period certain East Moriches 10-12 graders would need to be continued as tuition students to other high schools. At the beginning of the fourth year when high school construction is complete, all East Moriches 9-12th graders would be enrolled in the merged high school.

Phase Two

During the first two or three years of high school construction, both districts would continue to offer a middle school program in their current facility. Upon the decision of the School Board, a second capital project would be presented to the community during year two of the high school construction. That project could include the addition of 15 classrooms and labs to the Center Moriches Middle School. Depending on the escalation of construction cost, it would be estimated that this project would also cost approximately $20,000,000. It would be anticipated that this construction would begin as the original project was being completed. At the completion of this construction, year five, it is anticipated that the current East Moriches 6-8 graders would move to the new facility at Center Moriches.

The elementary programs K-5 would continue to be housed in each district. It is anticipated that the first capital project would also contain plans to update Clayton Huey Elementary School and the East Moriches Elementary School.

East Moriches Middle School Building

The newly formed School Board will need to discuss the future of the facility when its students and staff are gone in year 5. Those discussions might include consideration of the following options among others that develop.

1. The District could use the building to:
    - House Administrative offices and Board meeting space
    - House alternative education or special education programs
    - Lease or house district pre-school
    - Offer community recreation and continuing education programs
    - Lease space to BOCES
2. The building could be sold or leased to other public agencies

Feasibility Committee's Reconsideration of Student Housing

Following discussion of the Consultant's concerns with the plan to house all 6-8 grade students in an expanded East Moriches Middle School, the Committee broke out in three separate sub-committee groups. Their task was to examine the status of their original recommendation and consider the recommendation put forward by the consultants.

As a result of this sub-group activity, two additional options were generated.

Group 1 essentially agreed with the consultants' recommendation.

Group 2 proposed the following student housing configuration.

1. All grades K-3 remain in current settings.
2. All grade 4-5 be housed at the current East Moriches Middle School
3. All grades 6-8 be housed at the current Center Moriches middle School.
4. All grades 9-12 be housed at the current Center Moriches High School.

Group 3 proposed the following student housing configuration.

1. All grades K-3 be housed at the East Moriches Elementary School

2. All grades 4-5 be housed at the Clayton Huey Elementary School in Center Moriches
3. All grades 6-7 or 6-8 be housed at the East Moriches Middle School
4. All grades 8-12 or 9-12 be housed at the Center Moriches High School

Consultants' Analysis of New Options

It is extremely important that student housing options be examined for Practicality, Financial Impact, Parental Involvement, and Student Achievement Outcomes.

Both of these new options require one more building transitions than necessary. The literature reports that the psychological effects of moving from building to building may effect the learning of some students in a negative manner. It is also more difficult to keep parents involved in a school if a student is moved often.

As will be shown in the following analysis, SED approval for capital projects can also be negatively affected if the housing plan overextends the capacity of some buildings while under-utilizing the others.

Options that will better provide for the aforementioned concerns plus better allow for staff to be together with students for as long a time as possible to articulate program and student needs should be a priority.

Finally, the new Board of Education will be required to analyze the fiscal practicality of student housing options and weigh the costs versus the hoped for student outcomes.

Other Committee Options for Board Consideration

Group Two Option

a. All K-3 Students Remain in Current Buildings

Issues:

EMO Elementary would decrease from 415 to 341 (Under Utilized)

Clayton Huey would decrease from 721 to 521 (Under Utilized)

b. Grades 4-5 From Both Districts attend EMO Middle

Issues:

Additional Transportation

One More Transition

c. Grades 6-8 Combined at Center Moriches Middle School

Issues:

15 additional classrooms

d. Grades 9-12 Combined at Center Moriches H.S.

Issues:

15-20 Additional Classrooms

Group Three Option:

a. All K-3 Students Attend East Moriches Elementary

Issues:

Concerned Parents about Transporting 500 K-3 Students

Estimated Enrollment of 720 Would Exceed Building Capacity

Creates Additional Transition

b. All Grades 4-5 at Clayton Huey

Issues:

Additional Transition

Combined

Enrollment of 400 is 300 Less Then Now (Under Utilized)

Creates Program Articulation Issue for Testing Program

c. All Grades 6-7 and Possible 6-8 at East Moriches Middle School

Issues:

Breaks Up Current Middle School Configuration

6-7 Combined Enrollment is 60 More Than Current

6-7 Creates Serious Articulation Problem For 8th Grade Testing

Combined 6-8 Enrollment Exceeds Current by 210 (Over Utilized)

Leaves a Modern Facility Under Utilized

d. All Grades 8-12 or 9-12 at Center Moriches H.S.

Issues:

8th Grade Doesn't Make Program Sense

15-20 Additional Classrooms

SUMMARY

Ultimately, the final decision regarding the manner that students will be housed in the newly formed district will be the responsibility of the newly elected board of education. While all student housing options have pros and cons, the consultants believe that the new board of education will find the preceding work of the Feasibility Study Committee useful in making a final decision, should the districts consolidate.

The consultants continue to believe that the consultants' recommendation (above) should be carefully considered as well for all the reasons stated.

Student housing issues are not so complex that they should create a significant barrier to a potential merger. Under any option there is an understood need to develop a capital project to expand the high school by 15 to 20 classrooms. If the new Board of Education decides to eventually combine the middle schools, that to will require an addition to either site as well.

These two considerations, combined with the other facility needs discussed in the previous section, would result in the need for a Capital Project of 36 to 37 million dollars which could be phased in over a six year period. The benefit of reorganization building incentive aid, possibly combined with a capital reserve fund created from reorganization incentive operating aid, could reduce the local taxpayer share to zero, should the new board decide to follow the recommendations of the Feasibility Study Committee and allocate incentive monies in that manner (see *Financial* section for allocation recommendation).

INSTRUCTION

Introduction

Prior to engaging in the merger study, Feasibility Committee members were asked to keep in mind the following question. "Would instructional opportunity be enhanced for all students at a similar or reduced cost to taxpayers by combining the two districts?"

To get to the answer in this study it is necessary to first examine the current status of instruction in these two districts. East Moriches UFSD is a K-8 school district contiguous to the Center Moriches UFSD which is a K-12 district. While comparing and contrasting the K-8 programs is a straightforward activity, it is not possible to contrast 9-12 because East Moriches doesn't operate a secondary program. The East Moriches residents are allowed to select from three High Schools to enroll their 9-12 grade students. The District then pays tuition to those three school districts for their attendees. The Center Moriches High School is one of the three receiving schools. The Consultants did not engage in a comprehensive study of the other two high schools as they were not included in the merger study. Instead we worked with the staff and members of the Feasibility Committee to envision what a merged high school, housed on the Center Moriches campus with three hundred additional East Moriches students would be able to offer its student body.

Program Status

Elementary

The Elementary program in Center Moriches includes grades K-5. The program in East Moriches includes grades K-4. Both house self contained and inclusive Special Education. Both offer special areas of art, music, technology, PE, library, ESL and speech therapy. Both provide psychological services and nurses. Center additionally provides social work service and a gifted program. The Center Moriches K-5 building has a full time Principal while the East Moriches K-5 building has a .5 Principal (In East

Moriches, the superintendent serves as both the superintendent and elementary principal). Both districts run average class sizes in the low to mid twenties.

Detailed analysis of the student achievement of both programs can be found in the *Annual School Report Card* which is available in the Superintendent's office. Historically, student achievement as measured by standardized tests has shown higher passing rates in math and ELA for East Moriches students. The comparison of passing rates between 2005-'06 and 2006-'07 reveals that East's passing rate is still higher in ELA and Math but that a new trend may be developing. In nearly all cases comparing grade score to grade score (this year's 3rd to last year's 3rd) or same grade growth (this year's 4th to last year's 3rd) Center's passing rates have increased. Making the same comparison of East's grade 3-6 passing rates in ELA and Math one discovers several instances of lower passing rates in 2006-'07 than in 2005-'06. It is difficult to call the negative movement a "trend" after one year. This year's scores will aid that determination. It's important to note that the upward trend in Center's passing rate received a letter of commendation from the SED Commissioner, and recognition as a *High Performance Achievement Gap-Closing School District.* (This recognition considered district-wide achievement in grade 4 and 8 ELA and math as well as secondary grade regents examination performance and graduation rates.)

Middle School

For detailed analysis of student achievement and other middle school data see the *Annual School Report Card.*

Both middle schools have a full time Principal. The Center Moriches Middle School enrolls approximately 315 students in grades 6-8. The East Moriches Middle School enrolls approximately 330 students in grades 5-8. Center's class size averages 26 while East's class size averages 22. Both schools offer inclusion and self contained Special Education. Both offer special areas of art, music, library, PE, technology, speech and ESL. Both offer psychological services, social work services, and nurses. Center has an extensive AIS program and an Honors program. A full range of co-curricular and inter-scholastic athletics are detailed in another section of the report.

Historically the overall grade 6-8 standardized achievement test passing rates have been higher in East Moriches. This year's comparison of same grade growth over the last two years shows increasing ELA passing rates in Center and significant decreasing passing rates in East. In the math test there were significant growth on passing rates for Center and unchanged results in East. A comparison of year to year growth (this year's 7th and 8th to last year's 7th and 8th) showed significant growth in Center's passing rates and a downward movement in East with the exception of 8th grade math.

High School

Detailed analysis of the performance of students and other factors within the high school can be found in the *Annual School Report Card.*

Only Center Moriches has a 9-12 high school. The school enrolls approximately 470 students. The high school currently enrolls 76 tuition students from East Moriches. The High School offers a comprehensive program and a full range of co-curricular and inter- scholastic opportunities for its students. (*See Co-Curricular section)* Over the last five years the school has expanded its academic program, emphasized AIS, added AP and Honors classes, built articulated programs with colleges to offer enriched courses, and moved from graduating only 60% Regents graduates to 85% Regents graduates.

Merger

The high school program would benefit from a merger. The additional 300 or so students would provide sufficient enrollment to run additional courses, AP and others, as well as provide sufficient funds to support other instructional enhancements recommended by the Merger Feasibility Committee.

INSTRUCTIONAL ENHANCEMENTS

The Feasibility Advisory Committee listened to a comprehensive presentation given by the Superintendents of both school districts focusing on the current status of the instructional programs of the two school districts. The Superintendents also shared the impact of resource constraints on their programs, and shared a joint vision of what they would add to the program if they had the expanded student body and additional money that a merger would generate through reorganization incentive, economies of scale, and building aid. These presentations are lengthy and are available in the district offices of each district.

The consultants divided the committee into three sub groups and charged each group with discussing and agreeing on at least four instructional enhancements they would recommend be considered for implementation by the Board of Education of the merged school district.

The three committees each reported out their top four recommendations for enhancing the instructional program of a newly merged school district.

Sub Committee Recommendations For Instructional Enhancements:

Group #1

1. More Foreign language opportunity, begin in lower grades
2. Better/upgraded labs in areas such as science, tech, music
3. New local program opportunities and facilities in Career and Tech
4. Expanded Advanced Placement courses in 9-12

Group#2

1. More Foreign Languages taught, begin in lower grades
2. Enhance Music offerings, strings
3. More Career and Trades programming, better lab space
4. More electives in shorter duration

Group#3

1. Enhanced Foreign Language offerings
2. Increased Vocational Tech programming
3. More Advanced Placement or International Baccalaureate Programs
4. Expand al Fine arts Programs

An analysis of the three sub committees' recommendations shows overlap in several areas. The consultants have combined the overlapping recommendations into four recommendations with estimated cost figures for their implementation.

1. Increase Foreign Language Opportunities

All three sub committees selected this as an area of priority. They would expand offerings in high school and begin Foreign Language instruction in the lower grades.

Estimated Cost: Begin with one new Language being offered in grades 3-6 and one new teacher in the high school.
2 new teachers = $160,000 salaries and benefits (On-Going Cost)
curricular materials = $10,000

2. Increased Programming In Career Tech, Trades, Voc. Ed. and New or Renovated Lab Space.

All three sub committees chose this area as a priority. It was suggested that the newly merged high school provide opportunities in Career Related Technical Programs.

Estimated Cost: Begin with one full time tech teacher offering computer repair, network skills, robotics or other career program.
1 new teacher = $80,000 salaries and benefits (On-Going Cost)
Renovation or building of lab space would be part of capital project. 11% local share. (One Time Cost)
Curricular Materials = $25,000

3. Upgrade Science Labs

Two sub committees selected this as a priority area. The suggestion was to include two new labs in a high school expansion capital project.

Estimated Cost: Local share of $ 500,000 = $ 55,000 (11% after Reorg. Aid) One Time Cost

4. Expand Advanced Placement Opportunities

Two sub committees recommended expanding courses. Expanding this course of study would depend on the assumption that there would be increased student interest with the enlarged student body of the high school.

Estimated Cost: By adjusting teacher schedules it is possible that one or two AP classes could be added without significant personnel costs.
Teacher training and curricular materials = $20,000

SUMMARY: INSTRUCTION

An examination of the instructional programs of these two school districts reveals that both are currently in "Good Standing" with the State Education Department for student achievement results. A concern has been raised regarding the beginning of a downward trend in the standardized test passing rates for several grade level tests in East Moriches. This trend may be short lived if the District continues to restore key staff cuts resulting from the fiscal problems of 2005-'06 and the subsequent layoff of administrators, instructional and support staff.

The joint "Vision" statement presented by both Superintendents spoke to the merged high school expanding course offerings, increasing instructional technology, expanding AP courses, adding other advanced programs, and expanding athletics and other co-curricular opportunities for students. (Those reports are available in each school's central office.)

The preceding recommendations for Instructional Enhancements developed by the Merger Feasibility Advisory Committee would add more Foreign Language district wide, improve the secondary science labs, expand music, and create more career tech programs for secondary students.

Given the increasing academic emphasis at the High School, a merger could well enable the program to become equal or greater than that offered by other Suffolk County school districts.

CO-CURRICULAR OPPORTUNITIES FOR STUDENTS

The following charts illustrate the variety of co-curricular and inter-scholastic opportunities available for secondary students in Center and East Moriches School districts.

The first set of charts compares the opportunities available in inter-scholastic athletics, music and clubs for seventh and eighth graders in both districts.

The last chart compares the inter-scholastic opportunities available to students in grades nine through twelve in the Center Moriches, Eastport-South Manor, and Westhampton Beach High Schools.

INTER-SCHOLASTIC OPPORTUNITIES GRADES 7-8

Sport	East Moriches	Center Moriches
Football *	X	X
Boys Soccer	X	X
Girl's Soccer	X	X
Boys Basketball	X	X
Girls Basketball	X	X
Baseball	X	X
Softball	X	X
Boys Volleyball	X	X
Girls Volleyball		X
Wrestling	X	X
Track		X
Boys Lacrosse	X	X
Girls Lacrosse	X	X
Cross Country	X	

JV Tennis	X
JV Golf	X
JV Cross Country	X

Differences: NoTrack, Option for JV Tennis, Golf or Cross Country in EMO
No Cross Country at CMO
* Center and East Moriches are combined for Football

MUSIC PROGRAMS 7-8

Program	East Moriches	Center Moriches
Chorus	X	X
Band	X	X
General Music	X	X
Strings	('08-'09)	
Lessons	X	X

Differences: No strings at CMO

CLUBS 7-8

Club	East Moriches	Center Moriches
Book Buddies	X	
Computer	X	
Math Olympiad	X	
Mathletes	X	
Newspaper	X	X
Scrabble	X	
Technology	X	X
Drama	X	
Environmental	X	
Writer's Workshop	X	
Peer Leaders	X	
Student Council	X	X
Nat. Jr.Hi.Honor Society	X	X
Grade Level Senate		X
Yearbook	X	X
French		X
Spanish		X
Instrumental		X
Vocal		X
Art	X	

INTER-SCHOLASTIC OPPORTUNITIES 9-12

Sport		Center Moriches	Eastport- So. Manor	Westhampton
Softball	V	X	X	X
	Jv	X	X	X
Baseball	V	X	X	X
	Jv	X	X	X
Boys Bsktbl	V	X	X	X
	Jv	X	X	X
Grls Bsktbl	V	X	X	X
	Jv	X	X	X
Boys Bowl	V		X	X
Grls Bowl	V		X	X
Boys CC	V	X	X	X
Grls CC	V	X	X	X
Football	V	X	X	X
	Jv		X	X
Golf	V	X	X	X
	Jv	X	X	X
Boys Lax	V		X	X
	Jv	X	X	X
Girls Lax	V		X	X
	Jv		X	X
Boys Sccr	V	X	X	X
	Jv	X	X	X
Grls Sccr	V	X	X	X
	Jv	X	X	X
Boys Tennis	V			X
	Jv	X		X
Grls Tennis	V		X	X
	Jv	X	X	X
Boys Vball	V	X	X	X
	Jv	X	X	X
Grls Vball	V	X	X	X
	Jv	X	X	X
Boys Trck	V	X		X
Girls Trck	V	X		X
Boys Wntrk	V			X
Grls Wntrk	V			X
Wrestling	V	X	X	X
	Jv		X	X

Differences: No Bowling, Lacrosse, Varsity Tennis and winter track in CMO
No Boys Tennis in ESM
No winter track in ESM

CO-CURRICULAR OPPORTUNITIES SUMMARY

The first three of the preceding charts illustrate the range of opportunities available to children in the Center and East Moriches Middle Schools. It is realistic to assume that a merged school district would be able to expand the combined list of opportunities in inter-scholastic athletics, music and school clubs currently available to the middle school population.

The comparison of inter-scholastic athletic opportunities among the three high schools currently attended by East Moriches high school students illustrates a very similar set of offerings by all three receiving high schools.

Should a merger occur between the East Moriches and Center Moriches UFSD's, it is assumed that the approximately three hundred new students would allow the new Center Moriches-East Moriches High School to solidify its current teams and expand offerings to match any other neighboring high school. There would be room on all teams for new students, and the opportunity is excellent that students would be able to make teams and play.

CONCLUSIONS: INTERSCHOLASTIC OPPORTUNITIES THROUGH MERGER

If a merger of these two districts should occur, students from East Moriches would be phased into the new high school over a four year period. All East Moriches 9th graders would be enrolled in 2009-'10, all 9th and 10th graders

in 2010-'11, all 9th, 10th, and 11th graders in 2011-'12, culminating with all 9th through 12th graders in 2012-'13.

Currently the Center Moriches High School teams compete in League 7 of Conference IV in the Suffolk County Athletic Association within NYSPHSAA Section XI.

The increase of enrollment will create league, conference and division changes over the four years that grades are added to the new High School. In order to project those changes, the consultants assumed a couple of givens that could alter the projections. The first given assumes the enrollment projections which are based upon historical trends in the school districts are realized through 2012 for the merged classes of Center and East Moriches. The second given assumes a stable enrollment for the other High Schools in Conference III and IV.

The addition of the East Moriches 9th graders in 2009-'10 are anticipated to cause no league changes for its teams. However, in the following year, 2010-'11, when both 9th and 10th graders from East Moriches are enrolled, the teams would move from conference IV, League 7 to Conference III, League 6 where they will compete against teams such as Westhampton Beach, Easthampton, Mt Sinai and others. For that year they would be one of the smaller teams in the conference. The next year, 2011-'12, when all of East Moriches' 9th, 10th, and 11th graders are enrolled they will be larger but still in League 6. In 2012-'13 all 9th through 12th graders from East Moriches will be enrolled. The school's enrollment will place it in the upper half of the League by size. It will still be in League 6.

The new high school's status within State and Section XI will most likely move from Class C to Class B in 2009-'10. By 2010-'11, the school would meet Section requirements to move to class A in Baseball, Softball, Basketball, and

Soccer. Wrestling would move to Level 1. In 2012-13 Girls Volleyball and Cross Country would move to class A.

Currently Football is played in four divisions. Each division has fourteen schools and the makeup of the divisions is determined by size of enrollment from largest to smallest. The fourteen largest schools are Division 1 and so on through four divisions. Currently Center Moriches plays in Division 4. It should stay in Division 4 until the merged enrollment reaches 700 in 2012-13. At that time it would move to Division 3.

Currently there is room for expansion on the rosters for all sports teams at Center Moriches. The merger would greatly benefit the overall sports program. The addition of 300 or so students from East Moriches who are currently tuitioned elsewhere would provide opportunity to expand the existing rosters plus create additional JV or 9th grade teams. It is anticipated that JV wrestling would be added and that Boy's and Girl's Lacrosse could field both JV and Varsity programs. Consideration could be given to adding new teams such as Bowling, Gymnastics, Swimming and Diving as well as expanding Modified programs.

Student Transportation

The Fleet

Neither Center Moriches nor East Moriches UFSDs currently own a bus fleet for transporting students.

Facilities

No transportation facilities for bus storage, maintenance, fueling, or repair exist in either district.

Personnel

Neither Center Moriches nor East Moriches employ any personnel for the purpose of transporting students.

Contract Busing

Both Center Moriches and East Moriches utilize a bid process to secure contract busing for student transportation.

East Moriches contracts with Laidlaw Transportation for its student transportation. Center Moriches contracts with Adelwerth Bus to transport its students.

The consultants discussed the current busing contract with Laidlaw supervisor Mary Lou Whitmore to determine if there could be predicted any significant transportation savings if the districts merged. Specifically, the consultants wanted to know if money could be saved if EMO 9-12 graders needed only to be transported to Center Moriches high school, instead of the current transportation arrangement of transporting high school students to Westhampton Beach high school and Eastport-South Manor high school in addition to the closer Center Moriches high school.

The current pricing schedule for transportation services is based primarily on the dual factors of:

1. the number of buses required
2. the total number of hours allocated for morning and afternoon bus runs.

The pricing contract between Laidlaw and East Moriches is included on the next page. East Moriches pays slightly more than $500,000 for its regular day school transportation runs. This figure is not broken out by high school transportation only. For the current year, 6 buses are scheduled to deliver high school student to Westhampton Beach, 2 buses to Eastport-South Manor, and 3 buses to Center Moriches.

Supervisor Whitmore has concluded that a savings could be realized only if the reduced distances in a merged district created the need for buses to run routes of four hours daily instead of the current five hour twice-a-day routes. Such a time saving might produce a cost saving of about $5,000 per bus whose time requirement was shortened. In gross terms, it is possible (but not assured) that eight bus runs of a shorter time period of use could result in a contract savings of approximately $40,000 annually.

However, each district receives transportation aid in the year following the transportation expenditure of approximately 50%. This would create a local share savings of only $20,000.

Special Education Transportation

East Moriches currently educates several of its children who require special education service to locations outside of its district. These children are typically transported in vans, sometimes with the support of bus aides. While the consultants' experience suggests that following a merger several of these children

could be accommodated in special education programs which already exist in Center Moriches. While such an "economy of scale" could produce a cost savings down the road, it is important to remember that any change in educational placement of the afore-mentioned children would require adherence to a strict set of procedures and, therefore, such a change of placement is not assured. As a result, it would be premature to conclude that a cost savings is sure to follow.

In Center Moriches, opportunities for cost savings in the area of transportation centered on efficiency of transport rather than distances. Currently Center Moriches is forced to run buses at less than 100% capacity due to dismissal schedules in the schools.

An increased total enrollment following a merger would allow the new district to transport at a level closer to 100% capacity which would indirectly reduce the per pupil cost. Officials at Adelwerth Bus were unable pinpoint the savings that might be realized through merger efficiencies, but were confident that savings of $100,000 per year could be realized. However, because the district receives transportation aid in the year following the transportation expenditure of approximately 50%, the merger would create a local share savings of only $50,000.

Conclusion

It is the opinion of the consultants that, while there would be a small savings (conservatively $70,000) realized following the merger of the two districts, the amount is unlikely to be large enough to make a significant fiscal impact.

East Moriches 2006/2007 09/01/06 -06/30/07
Current Pricing

10 Large buses

5 Vans

# of Buses		Hours		Per Bus		Total
8		5hrs		$ 51,025.98		$ 408,207.84
0		4 hrs		$ 47,437.12		$ -
2		3hrs		$ 46,662.33		$ 93,324.66
# of Vans						
1		5hrs		$ 35,894.54		$ 35,894.54
1		4hrs		$ 33,360.83		$ 33,360.83
3		3hrs		$ 32,938.52		$ 98,815.56
						$ 669,603.43

Extension Year

09/01/07 - 06/30/08 Previous years rates plus Full C.P. I.

Chapter IX – Financial Study and Projections

Districts' Revenues and Expenditures

- **General Fund Balance Sheet**

Merger Incentive Operating Aid

- **General Formula Aid Output Report**

Tuition and Tuition Expense

Building Incentive Aid

Debt History

Property Values and Tax Rates

Recommendations for Use of Incentive Aid

District Revenues and Expenditures

The **tables** on the following six (6) pages, *Revenues, Expenses, Fund Balance*, contain the actual General Fund Revenues and Expenditures for the years 2001-02 through 2006-07.

Each year is further broken down individually to reflect East Moriches and Center Moriches totals, with a third column reflecting a hypothetical total had the two districts been combined during this time period.

Within each year's *Expenditure* data is included a line "Expenditure Per Enrolled Pupil" which compares gross per pupil spending inclusive of debt service and transportation costs.

The **table** following *Revenues and Expenditures* shows the *Balance Sheet* for the two districts for 2002-2007.

Next, **graphs** on the two (2) pages that follow the above tables in this section display:

- **Expenses per Enrolled Pupil** – note that 1) the two districts have historically spent very close to the same total per student and 2) for the 2006-07 year East Moriches spending per student actually declined owing in large degree to its austerity status and significant personnel and program cuts 3) Much of the historical increase in the rate of spending is due to increased mandates and required district expenditures for such items as fuel, employee retirement, and health insurance. It is feared that this spending trend will continue unless student programming is cut significantly, economies can be achieved, or additional sources of revenue are forth coming. Because of its small size, this relative increase becomes more problematic for East Moriches.

- **Property Taxes Per Enrolled Pupil** – Even though as demonstrated on the previous graph that East Moriches spends less per student than Center Moriches, the graph *Property Taxes Per Enrolled Pupil* (includes high school pupils tuitioned out), shows that East Moriches pay a significantly higher per pupil property tax bill than is found in Center Moriches. A close look at the graph shows that Center Moriches was forced to increase the tax levy 40.9% in 2004-05 while East Moriches saw its levy rise 30% in 2006-07.

Center Moriches - East Moriches MERGER STUDY

REVENUES, EXPENDITURES AND FUND BALANCE

	2002 ACTUAL			2003 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Revenues						
Local Sources						
Real Property Taxes	7,643,222	6,584,091	14,227,313	8,489,903	7,142,904	15,632,807
Other Tax Items	1,463,781	1,153,720	2,617,501	1,648,778	1,221,695	2,870,473
Charges for Services	3,031,486	164,624	3,196,110	2,417,479	448,457	2,865,936
Use of Money and Property	132,458	140,937	273,395	145,271	63,505	208,776
Sale of Property and Compensation for Loss	34,604	400	35,004	13,408	-	13,408
Miscellaneous	337,539	68,414	405,953	169,173	90,019	259,192
Interfund Revenues		475	475	-	1,132	1,132
State Sources	6,696,739	4,983,977	11,680,716	7,410,734	6,036,715	13,447,449
Federal Sources	13,747	106,840	120,587	11,030	42,885	53,915
Interfund Transfers			-			-
Proceeds of Long-Term Debt			-			-
Total Revenue and Other Sources	**$ 19,353,576**	**$ 13,203,478**	**$ 32,557,054**	**$ 20,305,776**	**$ 15,047,312**	**$ 35,353,088**
			$ 32,557,054			$ 35,353,088
Appropriated Fund Balance (Budget Only)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Deficit Bond						
Total Revenues and Other Sources	**$ 19,353,576**	**$ 13,203,478**	**$ 32,557,054**	**$ 20,305,776**	**$ 15,047,312**	**$ 35,353,088**
Enrollment	***N/A***	***996***	***N/A***	***1,390***	***1,009***	***2,399***
Total REVENUES Per Enrolled Pupil				***$14,608***	***$14,913***	***$14,737***
Taxes Per Enrolled Pupil				***$6,108***	***$7,079***	***$6,516***

Center Moriches - East Moriches MERGER STUDY

REVENUES, EXPENDITURES AND FUND BALANCE

	2004 ACTUAL			2005 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Revenues						
Local Sources						
Real Property Taxes	9,543,337	7,736,322	17,279,659	16,081,509	8,636,368	24,717,877
Other Tax Items	1,878,013	1,705,498	3,583,511	18,068	1,352,862	1,370,930
Charges for Services	1,947,472	487,551	2,435,023	2,085,953	119,281	2,205,234
Use of Money and Property	71,118	41,480	112,598	167,008	161,454	328,462
Sale of Property and Compensation for Loss	35,054	2,898	37,952	17,789	11,260	29,049
Miscellaneous	501,012	77,636	578,648	319,556	94,148	413,704
Interfund Revenues	-	1,668	1,668	-	-	-
State Sources	8,351,147	4,576,077	12,927,224	8,965,704	5,612,130	14,577,834
Federal Sources	4,401	58,627	63,028	59,233	35,994	95,227
Interfund Transfers	95,607	-	95,607		541,044	541,044
Proceeds of Long-Term Debt			-			-
Total Revenue and Other Sources	**$ 22,427,161**	**$ 14,687,757**	**$ 37,114,918**	**$ 27,714,820**	**$ 16,564,541**	**$ 44,279,361**
			$ 37,114,918			$ 44,279,361
Appropriated Fund Balance (Budget Only)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Deficit Bond						
Total Revenues and Other Sources	**$ 22,427,161**	**$ 14,687,757**	**$ 37,114,918**	**$ 27,714,820**	**$ 16,564,541**	**$ 44,279,361**
Enrollment	***1,395***	***1,052***	***2,447***	***1,389***	***1,086***	***2,475***
Total REVENUES Per Enrolled Pupil	***$16,077***	***$13,962***	***$15,168***	***$19,953***	***$15,253***	***$17,891***
Taxes Per Enrolled Pupil	***$6,841***	***$7,354***	***$7,062***	***$11,578***	***$7,952***	***$9,987***

Center Moriches - East Moriches MERGER STUDY

REVENUES, EXPENDITURES AND FUND BALANCE

	2006 ACTUAL			2007 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Revenues						
Local Sources						
Real Property Taxes	13,674,852	9,765,374	23,440,226	14,230,213	12,801,929	27,032,142
Other Tax Items	2,526,782	1,408,459	3,935,241	2,556,788	1,742,998	4,299,786
Charges for Services	1,968,688	101,003	2,069,691	3,456,007	67,852	3,523,859
Use of Money and Property	331,564	273,186	604,750	308,702	303,451	612,153
Sale of Property and Compensation for Loss	9,928	-	9,928	14,259	-	14,259
Miscellaneous	206,193	51,900	258,093	264,171	288,030	552,201
Interfund Revenues	-		-	-	-	-
State Sources	8,682,090	6,890,845	15,572,935	9,157,357	6,402,932	15,560,289
Federal Sources	51,579	87,145	138,724	46,408	36,097	82,505
Interfund Transfers		-	-			-
Proceeds of Long-Term Debt		-	-			-
Total Revenue and Other Sources	**$ 27,451,676**	**$ 18,577,912**	**$ 46,029,588**	**$ 30,033,905**	**$ 21,643,289**	**$ 51,677,194**
			$ 46,029,588			$ 51,677,194
Appropriated Fund Balance (Budget Only)	N/A	N/A	N/A	N/A	N/A	N/A
Deficit Bond				0	2,000,000	2,000,000
Total Revenues and Other Sources	**$ 27,451,676**	**$ 18,577,912**	**$ 46,029,588**	**$ 30,033,905**	**$ 23,643,289**	**$ 53,677,194**
Enrollment	*1,399*	*1,123*	*2,522*	*1,480*	*1,140*	*2,620*
Total REVENUES Per Enrolled Pupil	*$19,622*	*$16,543*	*$18,251*	*$20,293*	*$20,740*	*$20,487*
Taxes Per Enrolled Pupil	*$9,775*	*$8,696*	*$9,294*	*$9,615*	*$11,230*	*$10,318*

Center Moriches - East Moriches MERGER STUDY

REVENUES, EXPENDITURES AND FUND BALANCE

	2002 ACTUAL			2003 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Expenditures						
General Support						
Board of Education	16,708	13,188	29,896	18,612	12,005	30,617
Central Administration	242,301	209,954	452,255	253,318	237,572	490,890
Finance	352,488	47,415	399,903	371,208	54,572	425,780
Staff	66,291	31,957	98,248	102,896	16,287	119,183
Central Services (Operation & Maintenance)	1,430,730	419,213	1,849,943	1,844,129	501,111	2,345,240
Special Items	157,559	123,706	281,265	175,273	168,486	343,759
Subtotal General Support	**$ 2,266,077**	**$ 845,433**	**$ 3,111,510**	**$ 2,765,436**	**$ 990,033**	**$ 3,755,469**
Instruction						
Instruction, Administration & Improvement	660,502	74,280	734,782	866,858	63,000	929,858
Teaching - Regular School **[Includes TUITION A2110.4**	6,587,340	**6,205,216**	12,792,556	6,679,687	**7,775,918**	14,455,605
Programs for Stu. with Disabilities **[TUITION Axxxx.47]**	2,805,351	**2,645,615**	5,450,966	2,679,106	**3,030,691**	5,709,797
Occupational Education	426,528	165,693	592,221	272,395	395,177	667,572
Teaching - Special Schools	67,577	-	67,577	94,860	-	94,860
Instructional Media	440,802	25,289	466,091	566,876	45,885	612,761
Pupil Services	1,082,864	226,483	1,309,347	1,210,718	253,795	1,464,513
Subtotal Instruction	**$ 12,070,964**	**$ 9,342,576**	**$ 21,413,540**	**$ 12,370,500**	**$ 11,564,466**	**$ 23,934,966**
Pupil Transportation	**1,310,831**	**989,044**	**2,299,875**	**1,360,837**	**1,176,546**	**2,537,383**
Community Services	**-**	**-**	**-**	**-**	**-**	**-**
Employee Benefits	**2,342,545**	**1,062,324**	**3,404,869**	**2,975,147**	**1,207,111**	**4,182,258**
Debt Service						
Debt Service Principal	495,000	-	495,000	575,000	-	575,000
Debt Service Interest	347,542	146,931	494,473	847,805	180,938	1,028,743
Subtotal Debt Service	**$ 842,542**	**$ 146,931**	**$ 989,473**	**$ 1,422,805**	**$ 180,938**	**$ 1,603,743**
Total Expenditures	**18,832,959**	**12,386,308**	**31,219,267**	**20,894,725**	**15,119,094**	**36,013,819**
Other Uses						
Interfund Transfer	33,000	13,871	46,871	70,000	13,421	83,421
Total Expenditures and Other Uses	**$ 18,865,959**	**$ 12,400,179**	**$ 31,266,138**	**$ 20,964,725**	**$ 15,132,515**	**$ 36,097,240**
			$ 31,266,138			$ 36,097,240
Enrollment		***996***		***1,390***	***1,009***	***2,399***
Total Expenses Per Enrolled Pupil		***$12,450***		***$15,083***	***$14,998***	***$15,047***
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	**487,617**	**803,299**	**1,290,916**	**(658,949)**	**(85,203)**	**(744,152)**
Prior Period Adjustment		**(340,000)**	**(340,000)**	**-**	**(350,000)**	**(350,000)**
Fund Balance July 1 of Prior Year	1,672,463	1,459,493	3,131,956	2,160,080	1,922,792	4,082,872
Fund Balance June 30	**$ 2,160,080**	**$ 1,922,792**	**$ 4,082,872**	**$ 1,501,131**	**$ 1,487,589**	**$ 2,988,720**
			$ 4,082,872			$ 2,988,720

REVENUES, EXPENDITURES AND FUND BALANCE

	2004 ACTUAL			2005 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Expenditures						
General Support						
Board of Education	16,865	13,910	30,775	21,786	16,115	37,901
Central Administration	259,022	251,790	510,812	263,424	276,170	539,594
Finance	389,439	70,487	459,926	517,051	74,255	591,306
Staff	143,377	19,185	162,562	151,159	19,405	170,564
Central Services (Operation & Maintenance)	1,751,711	603,811	2,355,522	1,972,620	740,679	2,713,299
Special Items	187,933	158,180	346,113	266,466	155,612	422,078
Subtotal General Support	**$ 2,748,347**	**$ 1,117,363**	**$ 3,865,710**	**$ 3,192,506**	**$ 1,282,236**	**$ 4,474,742**
Instruction						
Instruction, Administration & Improvement	909,812	77,453	987,265	831,743	172,824	1,004,567
Teaching - Regular School [Includes TUITION A2110.	7,337,235	**7,734,282**	15,071,517	7,945,409	**8,231,200**	16,176,609
Programs for Stu. with Disabilities [TUITION Axxxx.47	2,836,416	**3,516,284**	6,352,700	2,796,231	**3,813,337**	6,609,568
Occupational Education	291,518	88,987	380,505	335,011	96,665	431,676
Teaching - Special Schools	104,305	-	104,305	47,765	0	47,765
Instructional Media	615,308	51,415	666,723	597,430	49,132	646,562
Pupil Services	1,327,309	268,793	1,596,102	1,269,255	308,855	1,578,110
Subtotal Instruction	**$ 13,421,903**	**$ 11,737,214**	**$ 25,159,117**	**$ 13,822,844**	**$ 12,672,013**	**$ 26,494,857**
Pupil Transportation	**1,516,806**	**1,183,850**	**2,700,656**	**1,451,130**	**1,151,864**	**2,602,994**
Community Services	**-**	**-**	**-**	**-**	**1,805,368**	**1,805,368**
Employee Benefits	**3,140,969**	**1,412,710**	**4,553,679**	**4,533,321**		**4,533,321**
Debt Service						
Debt Service Principal	820,000	-	820,000	1,351,500	25,000	1,376,500
Debt Service Interest	1,507,882	119,188	1,627,070	1,311,757	1,588,798	2,900,555
Subtotal Debt Service	**$ 2,327,882**	**$ 119,188**	**$ 2,447,070**	**$ 2,663,257**	**$ 1,613,798**	**$ 4,277,055**
Total Expenditures	**23,155,907**	**15,570,325**	**38,726,232**	**25,663,058**	**18,525,279**	**44,188,337**
Other Uses						
Interfund Transfer	70,000	15,514	85,514	32,268	5,564	37,832
Total Expenditures and Other Uses	**$ 23,225,907**	**$ 15,585,839**	**$ 38,811,746**	**$ 25,695,326**	**$ 18,530,843**	**$ 44,226,169**
			$ 38,811,746			$ 44,226,169
Enrollment	***1,395***	***1,052***	***2,447***	***1,389***	***1,086***	***2,475***
Total Expenses Per Enrolled Pupil	***$16,649***	***$14,815***	***$15,861***	***$18,499***	***$17,063***	***$17,869***
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	**(798,746)**	**(898,082)**	**(1,696,828)**	**2,019,494**	**(1,966,302)**	**53,192**
Prior Period Adjustment				**161,536**	**987,681**	**1,149,217**
Fund Balance July 1 of Prior Year	1,501,131	1,487,589	2,988,720	702,385	589,507	1,291,892
Fund Balance June 30	**$ 702,385**	**$ 589,507**	**$ 1,291,892**	**$ 2,883,415**	**$ (389,114)**	**$ 2,494,301**
			$ 1,291,892			$ 2,494,301

Center Moriches - East Moriches MERGER STUDY

REVENUES, EXPENDITURES AND FUND BALANCE

	2006 ACTUAL			2007 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
Expenditures						
General Support						
Board of Education	24,204	25,593	49,797	19,574	17,202	36,776
Central Administration	282,974	147,114	430,088	319,891	314,728	634,619
Finance	473,859	117,959	591,818	536,336	143,949	680,285
Staff	81,662	42,312	123,974	151,313	24,689	176,002
Central Services (Operation & Maintenance)	2,266,227	944,038	3,210,265	2,358,549	870,419	3,228,968
Special Items	248,772	202,984	451,756	270,977	194,424	465,401
Subtotal General Support	**$ 3,377,698**	**$ 1,480,000**	**$ 4,857,698**	**$ 3,656,640**	**$ 1,565,411**	**$ 5,222,051**
Instruction						
Instruction, Administration & Improvement	939,921	161,010	1,100,931	1,233,171	184,992	1,418,163
Teaching - Regular School **[Includes TUITION A2110.**	7,985,322	**9,249,325**	17,234,647	8,597,506	**9,152,982**	17,750,488
Programs for Stu. with Disabilities **[TUITION Axxxx.47**	2,956,206	**4,137,329**	7,093,535	3,132,823	**3,999,110**	7,131,933
Occupational Education	289,897	95,080	384,977	332,967	47,589	380,556
Teaching - Special Schools	46,614	0	46,614	52,948	0	52,948
Instructional Media	628,506	50,673	679,179	759,366	21,085	780,451
Pupil Services	1,358,805	312,541	1,671,346	1,464,137	207,506	1,671,643
Subtotal Instruction	**$ 14,205,271**	**$ 14,005,958**	**$ 28,211,229**	**$ 15,572,918**	**$ 13,613,264**	**$ 29,186,182**
Pupil Transportation	**1,459,519**	**1,508,928**	**2,968,447**	**1,446,568**	**1,201,800**	**2,648,368**
Community Services	-	-	-	-	-	-
Employee Benefits	**4,797,002**	**2,121,947**	**6,918,949**	**5,227,640**	**2,147,721**	**7,375,361**
Debt Service						
Debt Service Principal	1,389,188	500,000	1,889,188	1,362,017	515,000	1,877,017
Debt Service Interest	1,336,218	1,245,927	2,582,145	1,282,320	1,285,959	2,568,279
Subtotal Debt Service	**$ 2,725,406**	**$ 1,745,927**	**$ 4,471,333**	**$ 2,644,337**	**$ 1,800,959**	**$ 4,445,296**
Total Expenditures	**26,564,896**	**20,862,760**	**47,427,656**	**28,548,103**	**20,329,155**	**48,877,258**
Other Uses						
Interfund Transfer	171,743	18,532	190,275	214,633	16,955	231,588
Total Expenditures and Other Uses	**$ 26,736,639**	**$ 20,881,292**	**$ 47,617,931**	**$ 28,762,736**	**$ 20,346,110**	**$ 49,108,846**
			$ 47,617,931			$ 49,108,846
Enrollment	***1,399***	***1,123***	***2,522***	***1,480***	***1,140***	***2,620***
Total Expenses Per Enrolled Pupil	***$19,111***	***$18,594***	***$18,881***	***$19,434***	***$17,847***	***$18,744***
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	**715,037**	**(2,303,380)**	**(1,588,343)**	**1,271,169**	**3,297,179**	**4,568,348**
Prior Period Adjustment		**(521,974)**	(521,974)	**251,381**	-	251,381
Fund Balance July 1 of Prior Year	2,883,415	(389,114)	2,494,301	3,598,452	**(3,214,468)**	383,984
Fund Balance June 30	**$ 3,598,452**	**$ (3,214,468)**	**$ 383,984**	**$ 5,121,002**	**$ 82,711**	**$ 5,203,713**
			$ 383,984			$ 5,203,713
						0

NOTE:

East Moriches 2005-06 Budget of $18,565,265 was OVER spent by $2,316,027, Audit Report p. 7-8.

BOCES	$ 1,236,000
Transportation	533,000
TUITION - Sp.Ed.	371,000
Benefits - TRS & Health	114,000
TAN Interest	128,000
OVERSPENT	$ 2,382,000

GENERAL FUND

BALANCE SHEET:

	2002 ACTUAL			2003 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
ASSETS:						
Cash- Unrestricted	8,005,362	5,779,180	13,784,542	3,437,550	8,726,892	12,164,442
Cash- Restricted	-	-	-	-		-
Due from other Funds	-	2,071,167	2,071,167	-	1,926,284	1,926,284
Due from State and Federal	-	511,049	511,049	641,434	1,222,831	1,864,265
Due from Other Governments	1,154,160	280,016	1,434,176	1,846,404	90,890	1,937,294
Deferred Expenses	-	-	-	-		-
Accounts Receivable/Prepaid Expenses	-	-	-	-		-
Total Assets	**$ 9,159,522**	**$ 8,641,412**	**$ 17,800,934**	**$ 5,925,388**	**$ 11,966,897**	**$ 17,892,285**
			$ 17,800,934			$ 17,892,285
LIABILITIES:						
Accounts payable	126,598	108,362	234,960	10,239	238,850	249,089
Accrued Liabilities	-		-			-
Tax Anticipation Notes	-	5,100,000	5,100,000		5,600,000	5,600,000
Revenue Anticipation Notes Payable			-		3,000,000	3,000,000
Bond Interest & Matured Bonds						
Due to Other Funds	5,869,398		5,869,398	3,329,763		3,329,763
Due to Retirement Systems	282,302	48,269	330,571	444,588	67,746	512,334
Compensated Absences	344,165	472,883	817,048	292,431	395,472	687,903
Deferred Revenues	376,979	989,106	1,366,085	347,236	1,177,240	1,524,476
Total Liabilities	**$ 6,999,442**	**$ 6,718,620**	**$ 13,718,062**	**$ 4,424,257**	**$ 10,479,308**	**$ 14,903,565**
			$ 13,718,062			$ 14,903,565
FUND EQUITY:						
Reserved for:						
Repairs	123,593		123,593	29,094		29,094
Unemployment	46,997		46,997	46,997		46,997
Other Reserve			-			-
Encumbrances	774,612	1,162,729	1,937,341	580,306	209,994	790,300
Reserved Fund Balance	**945,202**	**1,162,729**	**2,107,931**	**656,397**	**209,994**	**866,391**
Unreserved:						
Designated for subsequent year's expendit	840,000	481,000	1,321,000	840,000	975,079	1,815,079
Undesignated	374,878	279,063	653,941	4,734	302,516	307,250
Unreserved Fund Balance	**1,214,878**	**760,063**	**1,974,941**	**844,734**	**1,277,595**	**2,122,329**
			$ 1,974,941			$ 2,122,329
Total Fund Equity	**$ 2,160,080**	**$ 1,922,792**	**$ 4,082,872**	**$ 1,501,131**	**$ 1,487,589**	**$ 2,988,720**
Total Liabilities and Fund Equity	**$ 9,159,522**	**$ 8,641,412**	**$ 17,800,934**	**$ 5,925,388**	**$ 11,966,897**	**$ 17,892,285**
			$ 17,800,934			$ 17,892,285

GENERAL FUND

BALANCE SHEET:

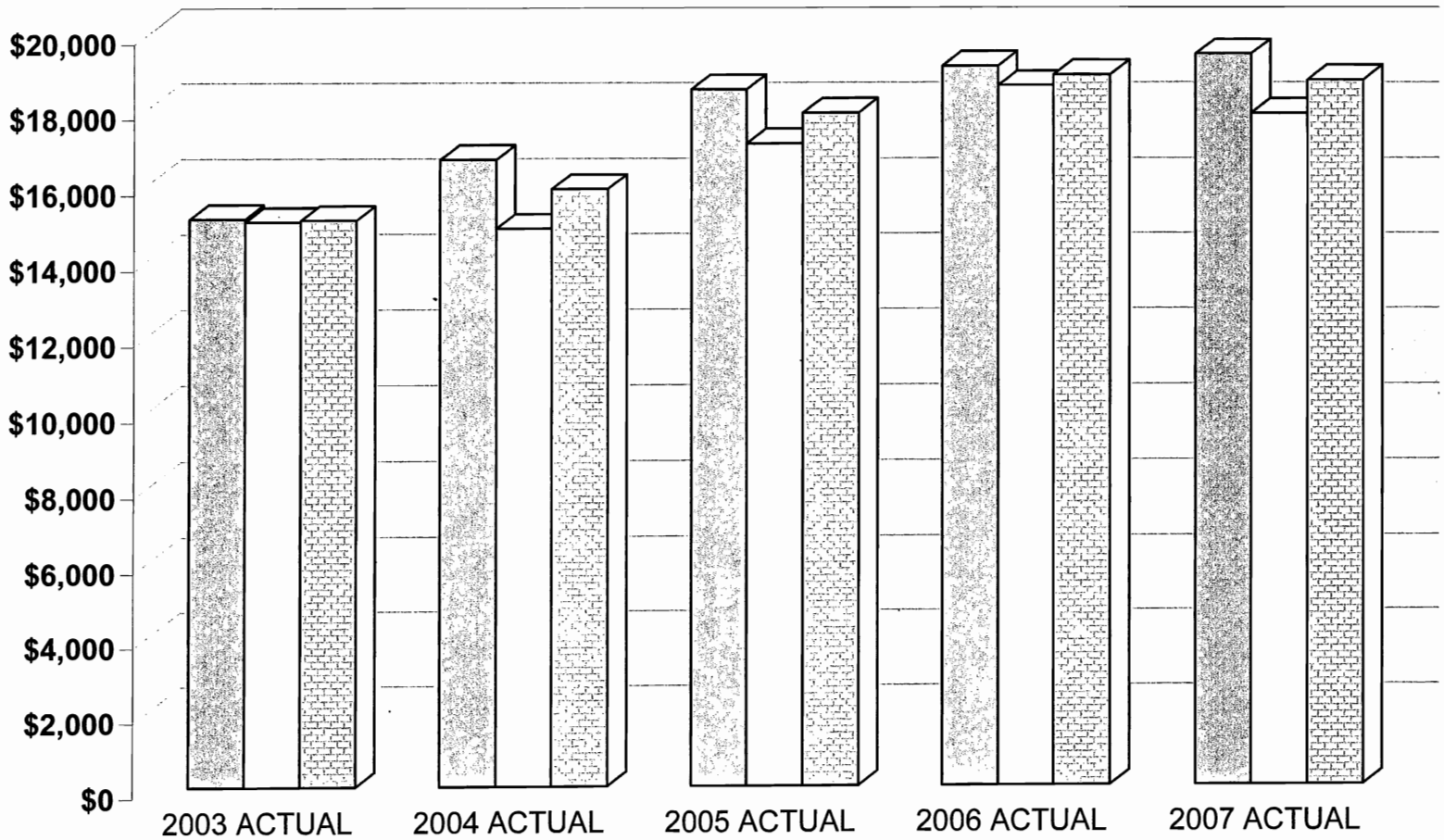
	2004 ACTUAL			2005 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
ASSETS:						
Cash- Unrestricted	395,495	7,478,388	7,873,883	1,092,128	6,291,826	7,383,954
Cash- Restricted			-			-
Due from other Funds	134,023	296,851	430,874	566,852	279,275	846,127
Due from State and Federal	418,375	489,762	908,137			-
Due from Other Governments	1,272,227	435,405	1,707,632	2,963,076	1,446,832	4,409,908
Deferred Expenses			-	181,302		181,302
Accounts Receivable/Prepaid Expenses			-	6,000	14,450	20,450
Total Assets	**$ 2,220,120**	**$ 8,700,406**	**$ 10,920,526**	**$ 4,809,358**	**$ 8,032,383**	**$ 12,841,741**
			$ 10,920,526			$ 12,841,741
LIABILITIES:						
Accounts payable		1,236,084	1,236,084	105,928	744,780	850,708
Accrued Liabilities	16,225	-	16,225		4,845	4,845
Tax Anticipation Notes		5,450,000	5,450,000		7,170,000	7,170,000
Revenue Anticipation Notes Payable	1,000,000	-	1,000,000	912,000		912,000
Bond Interest & Matured Bonds				2,661		2,661
Due to Other Funds		2,753	2,753			-
Due to Retirement Systems	497,010	160,826	657,836	905,354	367,483	1,272,837
Compensated Absences		434,136	434,136		62,743	62,743
Deferred Revenues	4,500	827,100	831,600		71,646	71,646
Total Liabilities	**$ 1,517,735**	**$ 8,110,899**	**$ 9,628,634**	**$ 1,925,943**	**$ 8,421,497**	**$ 10,347,440**
			$ 9,628,634			$ 10,347,440
FUND EQUITY:						
Reserved for:						
Repairs	84,641		84,641			-
Unemployment			-			-
Other Reserve			-	121,206		121,206
Encumbrances	616,282	800	617,082	853,268		853,268
Reserved Fund Balance	**700,923**	**800**	**701,723**	**974,474**	**-**	**974,474**
Unreserved:						
Designated for subsequent year's expend		588,475	588,475	1,346,822	-	1,346,822
Undesignated	1,462	232	1,694	562,119	(389,114)	173,005
Unreserved Fund Balance	**1,462**	**588,707**	**590,169**	**1,908,941**	**(389,114)**	**1,519,827**
			$ 590,169			$ 1,519,827
Total Fund Equity	**$ 702,385**	**$ 589,507**	**$ 1,291,892**	**$ 2,883,415**	**$ (389,114)**	**$ 2,494,301**
Total Liabilities and Fund Equity	**$ 2,220,120**	**$ 8,700,406**	**$ 10,920,526**	**$ 4,809,358**	**$ 8,032,383**	**$ 12,841,741**
			$ 10,920,526			$ 12,841,741

GENERAL FUND

BALANCE SHEET:

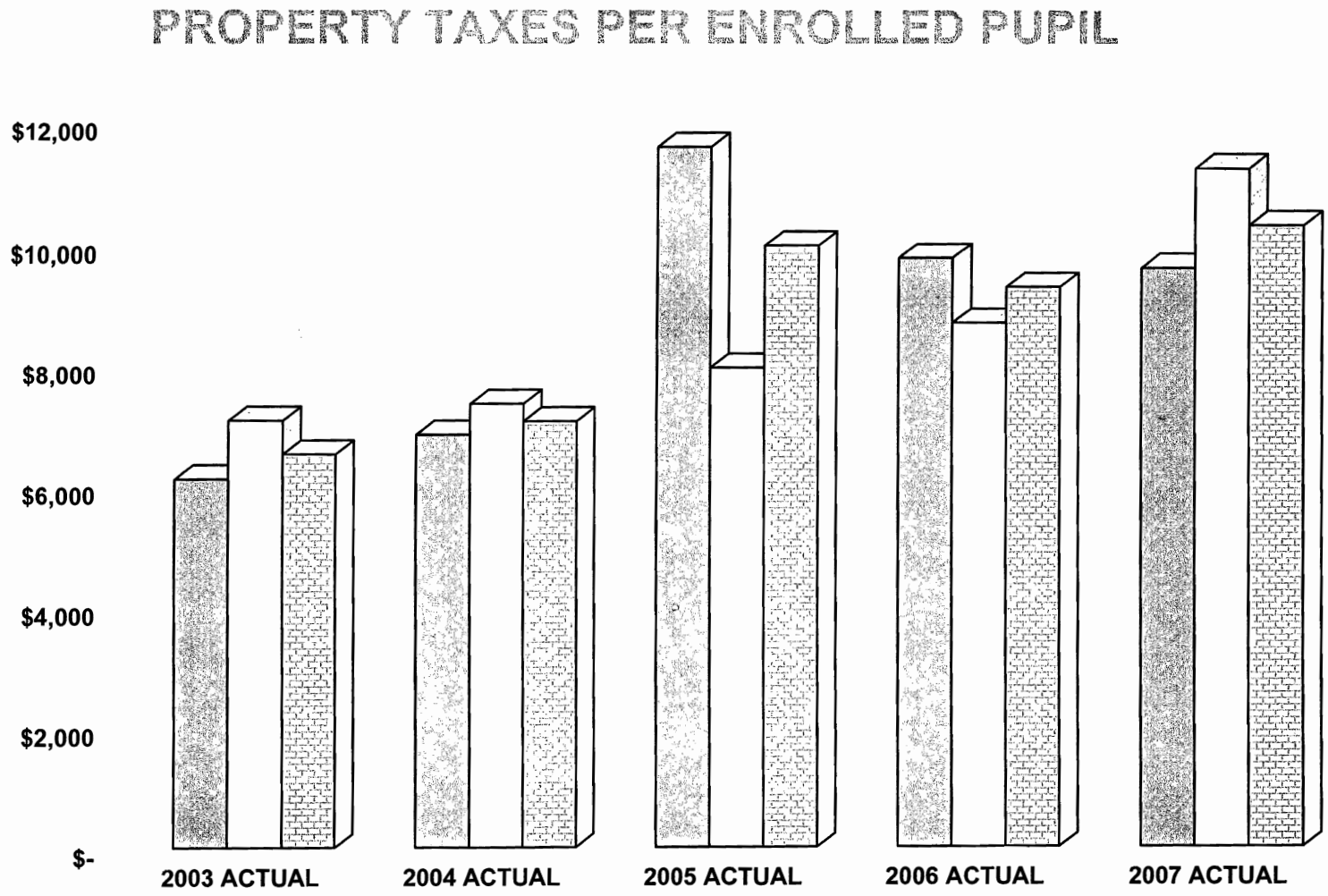
	2006 ACTUAL			2007 ACTUAL		
	Center	East	IF Combined	Center	East	IF Combined
ASSETS:						
Cash- Unrestricted	2,443,033	435,572	2,878,605	3,132,317	2,241,718	5,374,035
Cash- Restricted		7,155,294	7,155,294	-	-	-
Due from other Funds	779,778	148,943	928,721	691,530	345,326	1,036,856
Due from State and Federal			-	-		-
Due from Other Governments	1,902,563	1,687,011	3,589,574	3,232,443	1,430,630	4,663,073
Deferred Expenses	182,076	515,000	697,076	208,880		208,880
Accounts Receivable/Prepaid Expenses	16,297	5,603	21,900	989	600	1,589
Total Assets	**$ 5,323,747**	**$ 9,947,423**	**$ 15,271,170**	**$ 7,266,159**	**$ 4,018,274**	**$ 11,284,433**
			$ 15,271,170			$ 11,284,433
LIABILITIES:						
Accounts payable	479,204	3,238,754	3,717,958	924,079	2,705,037	3,629,116
Accrued Liabilities		11,419	11,419	-	27,013	27,013
Tax Anticipation Notes		6,900,000	6,900,000	-	-	-
Revenue Anticipation Notes Payable		2,200,000	2,200,000	-	-	-
Bond Interest & Matured Bonds			-	-	-	-
Due to Other Funds	72,783	260,983	333,766	54,480	729,736	784,216
Due to Retirement Systems	1,173,308	473,815	1,647,123	1,152,489	473,777	1,626,266
Compensated Absences			-	14,109		14,109
Deferred Revenues		76,920	76,920			-
Total Liabilities	**$ 1,725,295**	**$ 13,161,891**	**$ 14,887,186**	**$ 2,145,157**	**$ 3,935,563**	**$ 6,080,720**
			$ 14,887,186			$ 6,080,720
FUND EQUITY:						
Reserved for:						
Repairs			-			-
Unemployment			-	115,500		115,500
Other Reserve	763,165		763,165	2,094,332		2,094,332
Encumbrances	377,990		377,990	97,523	29,867	127,390
Reserved Fund Balance	**1,141,155**	**-**	**1,141,155**	**2,307,355**	**29,867**	**2,337,222**
Unreserved:						
Designated for subsequent year's expenc	1,850,000		1,850,000	1,823,000		1,823,000
Undesignated	607,297	(3,214,468)	(2,607,171)	990,647	52,844	1,043,491
Unreserved Fund Balance	**2,457,297**	**(3,214,468)**	**(757,171)**	**2,813,647**	**52,844**	**2,866,491**
			$ (757,171)			$ 2,866,491
Total Fund Equity	**$ 3,598,452**	**$ (3,214,468)**	**$ 383,984**	**$ 5,121,002**	**$ 82,711**	**$ 5,203,713**
Total Liabilities and Fund Equity	**$ 5,323,747**	**$ 9,947,423**	**$ 15,271,170**	**$ 7,266,159**	**$ 4,018,274**	**$ 11,284,433**
			$ 15,271,170			$ 11,284,433

EXPENSES PER ENROLLED PUPIL



	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL
Center	$15,083	$16,649	$18,499	$19,111	$19,434
East	$14,998	$14,815	$17,063	$18,594	$17,847
If Combined	$15,047	$15,861	$17,869	$18,881	$18,744

Center Moriches - East Moriches MERGER Study



	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL
Center	$6,108	$6,841	$11,578	$9,775	$9,615
East	$7,079	$7,354	$7,952	$8,696	$11,230
If Combined	$6,516	$7,062	$9,987	$9,294	$10,318

Incentive Operating Aid

New York State has historically offered fiscal incentives to those districts that reorganize. Since 1993 a forty percent aid supplement is added to the newly combined district's approved operating aid (those monies that support the day to day operational costs of a school) and thirty percent, up to a maximum of ninety five percent depending upon district wealth, is added to any state aid for construction costs for which the school district is eligible.

The operating incentive aid is maintained at forty percent each year for a period of five years, after which time it is reduced by four percent annually until in the fifteenth year it is exhausted.

In the case of a reorganization between Center Moriches UFSD and East Moriches UFSD, it is estimated that nearly $18,000,000 would flow to the newly reorganized district in the form of Incentive Operating Aid between the initial annexation year and the exhaustion of available new aid in 14 years. Although the potential merger of the two districts would not likely occur until July 1, 2009, for purposes of calculation using known data, the consolidation year in this document is listed as 2008-09. As a result, the forthcoming reorganization aid would likely be slightly more than the estimated figure expressed in this paragraph above.

The tables which follow on the next pages display this estimated **Operating Incentive Aid,** by year, and a **General Formula and Output Report** which details the calculation.

A series of **Graphs** follow in this section:

- Formula Operating Aid and Merger Incentive Aid, using the figure of 2.5% historic annual growth in basic formula aid, projected to year 2023.

- 14 Year Operating Aid Total: Recommended Allocation of Additional Aid – This pie chart shows the recommendation of the consultants as presented to the Feasibility Study Committee as to how the Incentive Aid should be apportioned

should the two districts agree to reorganize. In this scenario 34% of the available aid would be applied to tax stabilization, 33% to immediate program creation, enrichment and restoration, and the remaining 33% placed in reserve, especially a voter approved capital reserve, to minimize the pressure on district expenditures in future years for capital projects, tax stabilization, and other unforeseen circumstances.

STATE AID INCENTIVE TO MERGED DISTRICTS:

1. **OPERATING INCENTIVE. Additional % of GEN (General Formula Aid Calculation) starting at 40% for 5 years, then decreasing by 4% per year for the next 9 years so that year 14 receives no Incentive Merger Aid.** *[Ed. Law §3602, 14, c,d,e,f & j]*

2. **BUILDING INCENTIVE. Additional 30% of the HIGHEST of the Former School Districts' SEL (Selected) Building Aid Ratio, capped at 95% for any NEW project approved within 10 years of the official date of Reorganization. Remaining Debt of former Districts becomes aided at the Highest RWADA Aid Ratio of the former Districts, but is not eligible for the additional 30%.** *[Ed. Law §3602, 14, c (vi)]*

14-YEAR MERGER INCENTIVE OPERATING AID

	Merger Year	*ESTIMATED* BASIC Formula Aid *(+2.5%/year)*	Aid%	*ESTIMATED* Incentive Aid					
				100%		*10%*	*20%*	*30%*	*40%*
1	2008-09	$4,261,004	40%	$1,704,402		$170,440	$340,880	$511,321	$681,761
2	2009-10	$4,231,106	40%	$1,692,442		$169,244	$338,488	$507,733	$676,977
3	2010-11	$4,336,884	40%	$1,734,753		$173,475	$346,951	$520,426	$693,901
4	2011-12	$4,445,306	40%	$1,778,122		$177,812	$355,624	$533,437	$711,249
5	2012-13	$4,556,438	40%	$1,822,575		$182,258	$364,515	$546,773	$729,030
6	2013-14	$4,670,349	36%	$1,681,326		$168,133	$336,265	$504,398	$672,530
7	2014-15	$4,787,108	32%	$1,531,875		$153,188	$306,375	$459,563	$612,750
8	2015-16	$4,906,786	28%	$1,373,900		$137,390	$274,780	$412,170	$549,560
9	2016-17	$5,029,455	24%	$1,207,069		$120,707	$241,414	$362,121	$482,828
10	2017-18	$5,155,192	20%	$1,031,038		$103,104	$206,208	$309,311	$412,415
11	2018-19	$5,284,072	16%	$845,451		$84,545	$169,090	$253,635	$338,180
12	2019-20	$5,416,173	12%	$649,941		$64,994	$129,988	$194,982	$259,976
13	2020-21	$5,551,578	8%	$444,126		$44,413	$88,825	$133,238	$177,650
14	2021-22	$5,690,367	4%	$227,615		$22,762	$45,523	$68,285	$91,046
15	2022-23	$5,832,626	0%	$0		$0	$0	$0	$0
	Total Incentive Aid			**$17,724,635**		**$1,772,464**	**$3,544,927**	**$5,317,391**	**$7,089,854**

GROWTH OF BASIC FORMULA AID

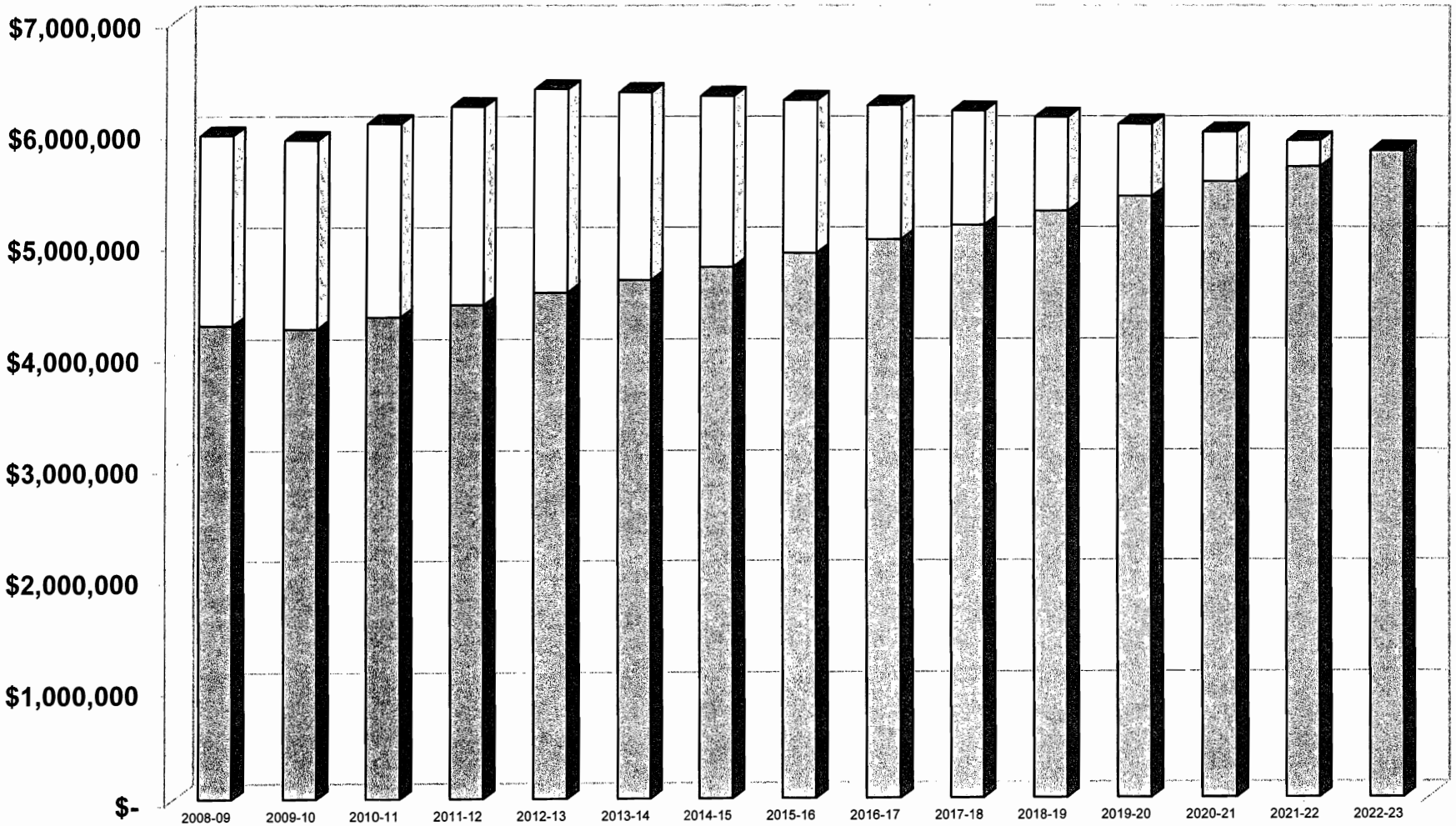
		Center Moriches	East Moriches	COMBINED
1999-00		2,480,706	1,145,338	3,626,044
% Change		0.33%	6.97%	2.43%
2000-01		2,488,868	1,225,137	3,714,005
% Change		NA	-3.32%	NA
2001-02		FLEX AID	1,184,492	1,184,492
% Change		NA	2.71%	NA
2002-03		2,321,945	1,216,649	3,538,594
% Change		28.99%	3.42%	20.20%
2003-04		2,995,071	1,258,258	4,253,329
% Change		-0.66%	-0.07%	-0.49%
2004-05		2,975,264	1,257,414	4,232,678
% Change		3.17%	-5.82%	0.50%
2005-06		3,069,544	1,184,214	4,253,758
% Change		-6.06%	16.31%	0.17%
2006-07		2,883,606	1,377,399	4,261,005
AVERAGE OF % CHANGE		5.15%	2.89%	4.56%
Average (2006-07-1999-00)/7=		2.32%	2.89%	2.50%

Center Moriches-East Moriches
MERGER STUDY

GEN Date 3/24/2007
GEN Edition 536
District Number: 580233 580234

	GENERAL FORMULA AID OUTPUT REPORT	Center Moriches	East Moriches	COMBINED
PART VI:	**CALCULATION OF 2006-07 OPERATING AID**			
67	2002 ACTUAL VALUATION * 117% (05 GEN ENT 69 * 1.	$ 693,776,650	$ 596,080,820	$ 1,289,857,470
68	2003 ACTUAL VALUATION	$ 676,902,589	$ 575,449,553	$ 1,252,352,142
69	2003 SELECTED ACTUAL VALUATION (LSR ENT 67 OR	$ 676,902,589	$ 575,449,553	$ 1,252,352,142
70	2004-05 TOT WEALTH PUPIL UNITS (TWPU)	1,711	1,314	3,025
71	SELECTED ACTUAL VALUATION PER TWPU (ENT 69 /	$ 395,618	$ 437,937	$ 414,001
72	PUPIL WEALTH RATIO (ENT 71 / 382,200)	1.035	1.145	1.083
73	PUPIL WEALTH RATIO * .50 (ENT 72 * 0.50)	0.517	0.572	0.541
74	2003 ADJUSTED GROSS INCOME	$ 196,528,422	$ 151,818,940	$ 348,347,362
75	ADJUSTED GROSS INCOME / TWPU (ENT 74 / ENT	$ 114,861	$ 115,539	$ 115,156
76	ALTERNATE PUPIL WEALTH RATIO (ENT 75 / 121,8	0.943	0.948	0.945
77	ALTERNATE PUPIL WEALTH RATIO * .50 (ENT 76 * 0.	0.471	0.474	0.472
78	**COMBINED WEALTH RATIO (CWR) (ENT 73 + ENT 77)**	**0.988**	**1.046**	**1.013**
	SELECTED SHARING RATIO:			
79	CWR * 1.230 (ENT 78 * 1.230)	1.215	1.286	1.245
80	FORMULA 1 SHARING RATIO (1.370 - ENT 79, MIN 0, MAX	0.155	0.084	0.125
81	CWR * 0.640 (ENT 78 * .640)	0.632	0.669	0.648
82	FORMULA 2 SHARING RATIO (1.000 - ENT 81, MIN 0, MAX	0.368	0.331	0.352
83	CWR * 0.390 (ENT 78 * 0.390)	0.385	0.407	0.395
84	FORMULA 3 SHARING RATIO (0.800 - ENT 83, MIN 0, MAX	0.415	0.393	0.405
85	CWR * 0.220 (ENT 78 * 0.220)	0.217	0.230	0.222
86	FORMULA 4 SHARING RATIO (0.510 - ENT 85, MIN 0, MAX	0.293	0.280	0.288
87	SELECTED SHARING RATIO			
	(HIGHEST OF ENTS 80, 82, 84 OR 86, MIN 0, MAX .900)	0.415	0.393	0.405
88	2004-05 APPR OPERATING EXP/2004-05 TAPU EXP (PUE	$ 10,676	$ 11,229	$ 10,676
89	MAX ALLOWABLE EXP PER PUPIL (LSR OF ENT 88 OF	$ 8,000	$ 8,000	$ 8,000
90	UNLIMITED CEILING ADJUSTMENT FACTOR (.075 / EI	0.0759	0.0717	0.0740
91	SELECTED CEILING ADJ FACTOR			
	(ENT 90 * ENT 148, MIN .075)	0.0759	0.0750	0.0750
92	CEILING ADJ PER PUPIL (ENT 91 * (ENT 89 - 3,900), MIN	$ 311.19	$ 307.50	$ 307.50
93	FORMULA OPERATING AID CEILING (ENT 92 + 3,9	$ 4,211.19	$ 4,207.50	$ 4,207.50
94	FORMULA OPERATING AID PER PUPIL (ENT 87 * EN	$ 1,747.64	$ 1,653.54	$ 1,704.03
95	SELECTED OPERATING AID PER PUPIL (GTR OF ENT 9	$ 1,747.64	$ 1,653.54	$ 1,704.03
96	2005-06 SELECTED TAPU FOR PAYMENT (ATT, ENT	$ 1,650	$ 833	$ 2,483
97	2006-07 OPERATING AID PAYABLE (ENT 95 * ENT 96,	$ 2,883,606	$ 1,377,398	$ 4,231,106
				$ 4,261,004
PART XII:	**CALCULATION OF REORGANIZATION INCENTIVE OPERATING AID**			
181	2004-05 APPROVED OPERATING EXPENSE (PUB, ENT	20,136,235	10,566,600	30,702,835
182	AID LIMIT (.95 * PUB, ENT 1)	19,129,423	10,038,720	29,168,143
183	2006-07 INCENTIVE OPERATING PERCENT	0.40	0.40	0.40
184	UNLIMITED INCENTIVE AID (ENT 97 * ENT 183)	$ 1,153,442	$ 550,959	$ 1,692,442
185	OPERATING AID PLUS UNLIMITED INCENTIVE(ENT 97 + EN	$ 4,037,048	$ 1,928,357	$ 5,923,548
186	LOSS DUE TO LIMIT (ENT 185 - ENT 182, MIN 0)	$ -	$ -	$ -
187	**2006-07 INCENTIVE OPERATING AID**	**$ 1,153,442**	**$ 550,959**	**$ 1,692,442**
	(ENT 184 - ENT 186, MIN 0, RND)			$ 1,704,401
	Year One Estimated Incentive Operating Aid			**$ 1,704,401**
	Year Two Estimated IncentiveOperating Aid			**$ 1,692,442**
	(Actual year two may be lower after ATT reports are combinded)			

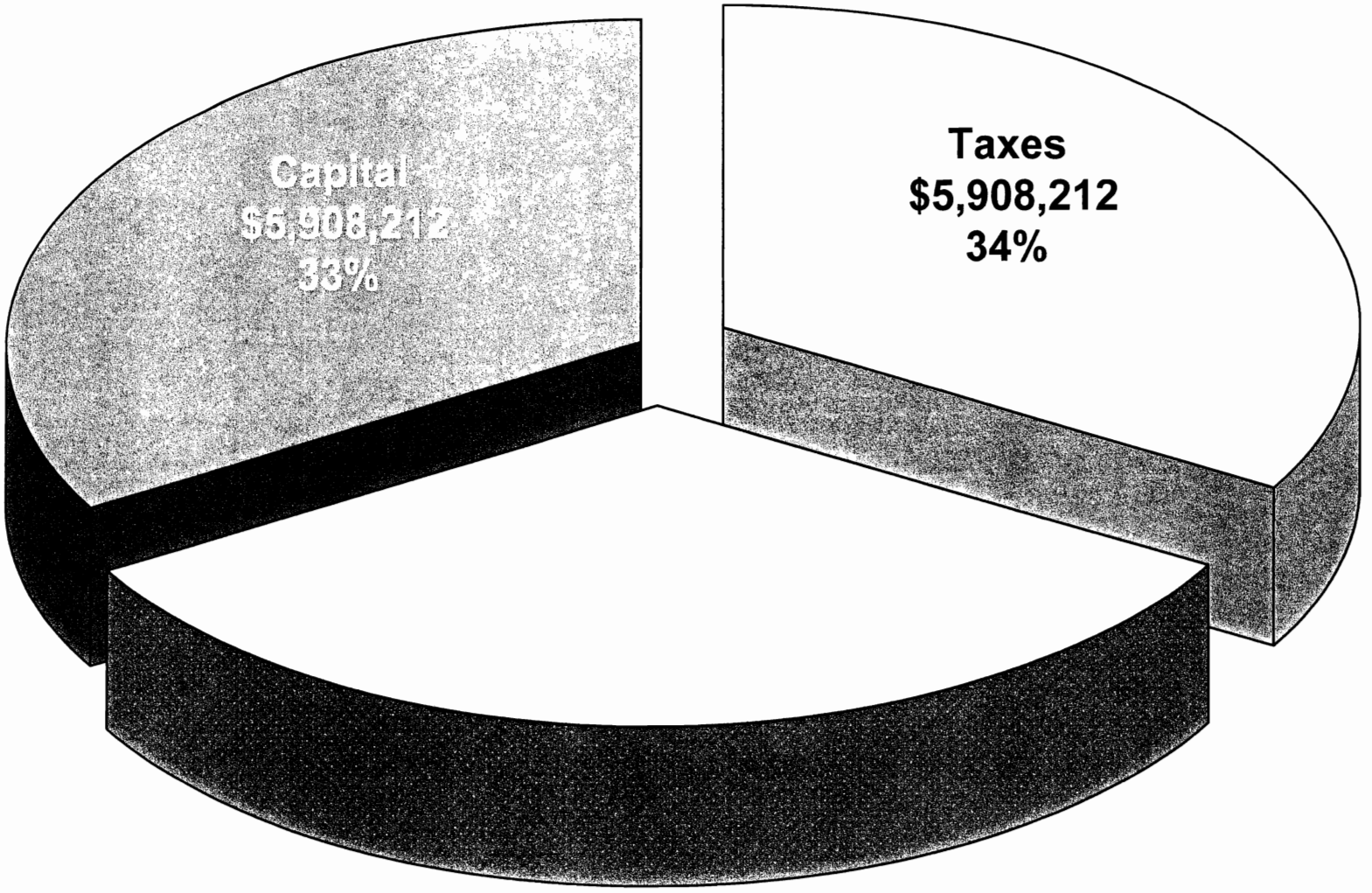
Operating and MERGER INCENTIVE AID



	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Merger Incentive %	0.4	0.4	0.4	0.4	0.4	0.36	0.32	0.28	0.24	0.2	0.16	0.12	0.08	0.04	0
Est. INCENTIVE AID	$1,704,402	$1,692,442	$1,734,753	$1,778,122	$1,822,575	$1,681,326	$1,531,875	$1,373,900	$1,207,069	$1,031,038	$845,451	$649,941	$444,126	$227,615	$0
Est. BASIC FORMULA	$4,261,004	$4,231,106	$4,336,884	$4,445,306	$4,556,438	$4,670,349	$4,787,108	$4,906,786	$5,029,455	$5,155,192	$5,284,072	$5,416,173	$5,551,578	$5,690,367	$5,832,626

Center Moriches - East Moriches
MERGER STUDY

POSSIBLE ALLOCATION OF 14-YEAR OPERATING INCENTIVE AID



Tuition and Tuition Expense

Currently, students from kindergarten through grade 8 attend East Moriches UFSD. Students in grades 9 – 12 who reside in the East Moriches district have the choice of attending high school in one of three area school districts: Center Moriches HS, Eastport-South Manor HS, and Westhampton Beach HS.

The concept of maintaining this opportunity for "choice" as it is colloquially know among some East Moriches citizens is a significant point of contention among stakeholders in the East Moriches district, including members of the Feasibility Study Committee.

On the one hand, proponents of maintaining the opportunity for "choice" often cite one of two beliefs regarding this issue.

First, it is believed by some (if not most) residents of East Moriches that Westhampton Beach HS provides a superior education and that students would be instructionally deprived if the choice to attend that high school was to be eliminated via a consolidation. (Westhampton Beach UFSD is not a potential candidate to merge with East Moriches because the boundaries of the two school districts are not contiguous).

Note: Although not a part of this Feasibility Study, the two boards of education agreed to host a public session for the Feasibility Study Committee to compare and contrast opportunities and rates of student success currently at Center Moriches and East Moriches with opportunities offered by the other high schools, but primarily Westhampton Beach HS. A facilitator was engaged to lead the exercise and both superintendents participated in the program. That public meeting was held on November 5, 2007 and the materials from that meeting are available at either district's central office.

Secondly, several East Moriches residents who do not have any children in school offered the belief to the consultants that property values in East Moriches are enhanced by the district's ability to offer the "choice", and they fear the value of their home would drop if residents no longer had a choice of school districts.

On the other side of the "choice" issue is the high cost of tuition, especially at Westhampton Beach HS. In 2006-07 the East Moriches district spent $7,061,997 on high school tuition out of a total budget of $21,643,289 which was designed to serve all pupils in the district K-12. The tuition problem is equally evident in the rising tuition costs for secondary pupils with disabilities. In fact, one of the most significant factors which caused East Moriches UFSD to find itself in deficit spending for several years preceding 2006-07 was its inability to accurately predict and appropriately budget for the annual expenses incurred by tuitioned students, including those with disabilities.

Although enrollment projections found in the *Pupil Enrollment and Projections* section of this report show that the number of high school pupils which East Moriches will be responsible for in future years will decline somewhat, the financial impact of tuitioned students in East Moriches will more than be offset by the upward trend in tuition costs.

On the **Table** that follows is shown a history of the numbers and costs of both regular education students and students with disabilities at each of the three receiving high schools from 2002-03 to estimates for 2007-08.

Note: For 2007-08, the costs per student for both regular education and pupils with disabilities at Westhampton Beach and Eastport-South Manor high schools are estimates provided to the consultants by East Moriches central office officials. At Center Moriches, the cost per regular education student ($13,500) is per contract between the districts and will not change. The costs for students with disabilities at Center Moriches in 2007-08, however, are estimates again provided by East Moriches.

On the **Bar Graphs** which follow the table one will find:

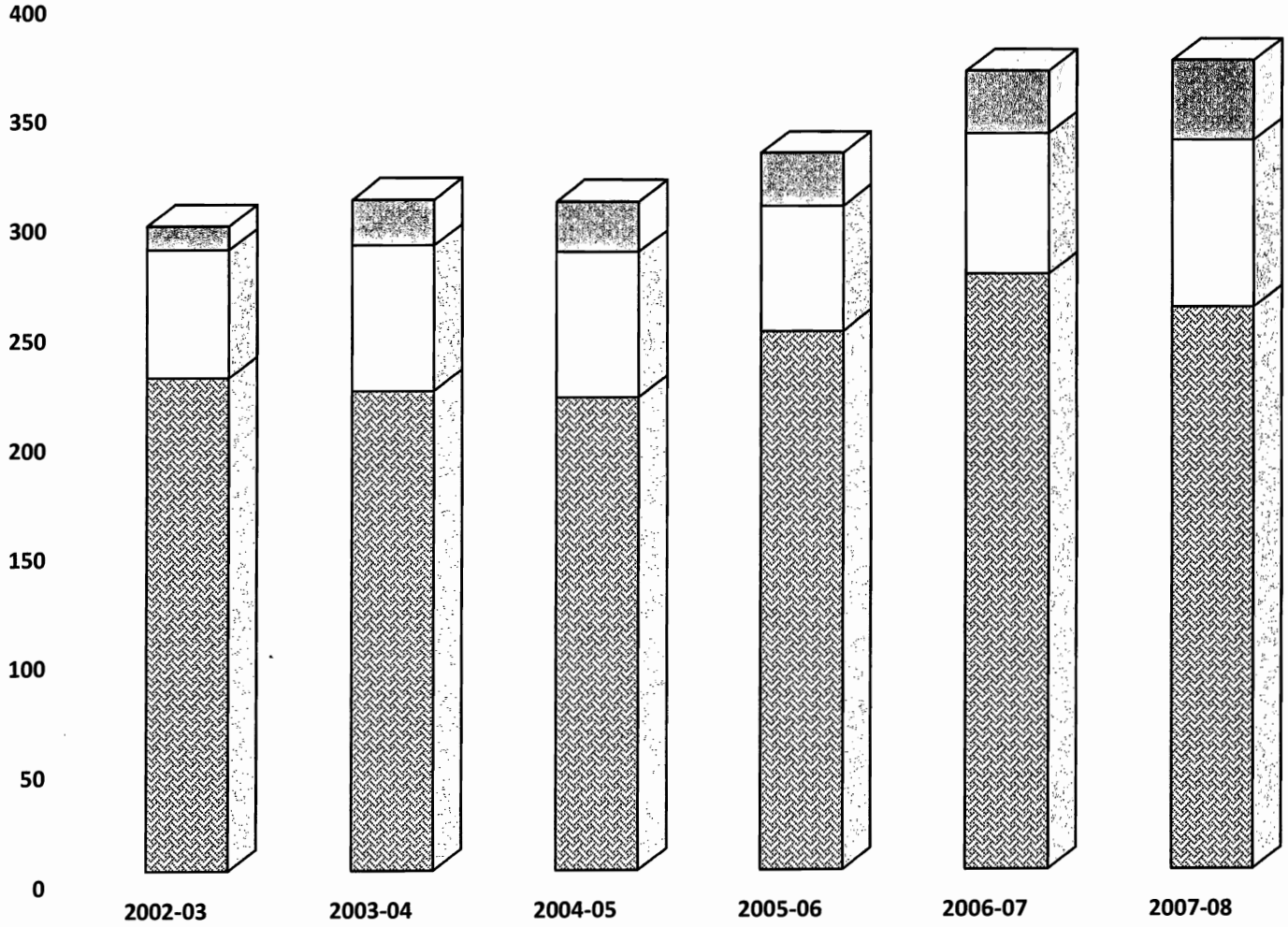
1. The numbers of students attending each high school and,
2. The costs at each high school by year

EAST MORICHES TUITION HISTORY

Receiving School:		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Eastport-South Manor							
Number of Pupils	7-12	11	21	23	24	22	*31*
	SP ED 60%	0	0	0	0	3	*4*
	SP ED 20%	0	0	0	0	4	*2*
	East Moriches Students	11	21	23	24	29	37
Pupil Rates	7-12	8,177	8,865	7,157	6,539	7,490	8,500
	SP ED 60%	28,153	20,476	49,442	40,494	42,822	45,203
	SP ED 20%	14,905	10,841	29,544	24,515	26,195	26,990
EST. TOTAL (HS Rate x Students)		$ 89,947	$ 186,165	$ 164,611	$ 156,936	$ 398,026	$ 498,292
Center Moriches							
Number of Pupils	7-12	58	66	66	57	59	*71*
	SP ED 60%	0	0	0	0	2	*3*
	SP ED 20%	0	0	0	0	3	*2*
	East Moriches Students	58	66	66	57	64	76
Pupil Rates	7-12	10,302	$10,589	$10,449	$13,330	$15,546	$13,500
	SP ED 60%	26,103	30,622	42,390	45,248	47,307	45,248
	SP ED 20%	18,620	21,195	27,359	30,228	32,361	30,228
EST. TOTAL (HS Rate x Students)		$ 597,516	$ 698,874	$ 689,634	$ 759,810	$ 1,108,911	$ 1,154,700
West Hampton Beach							
Number of Pupils	7-12	226	220	217	247	253	*236*
	SP ED 60%	0	0	0	0	9	*9*
	SP ED 20%	0	0	0	0	11	*13*
	East Moriches Students	226	220	217	247	273	258
Pupil Rates	7-12	13,003	13,895	14,691	17,433	17,610	18,200
	SP ED 60%	40,569	45,223	51,281	48,483	67,884	66,303
	SP ED 20%	27,597	30,481	34,063	25,667	44,434	43,608
EST. TOTAL (HS Rate x Students)		$ 2,938,678	$ 3,056,900	$ 3,187,947	$ 4,305,951	$ 5,555,060	$ 5,458,831
GRAND TOTALS		295	307	306	328	366	371
TUITION COST TOTAL		$ 3,626,141	$ 3,941,939	$ 4,042,192	$ 5,222,697	$ 7,061,997	$ 7,111,823

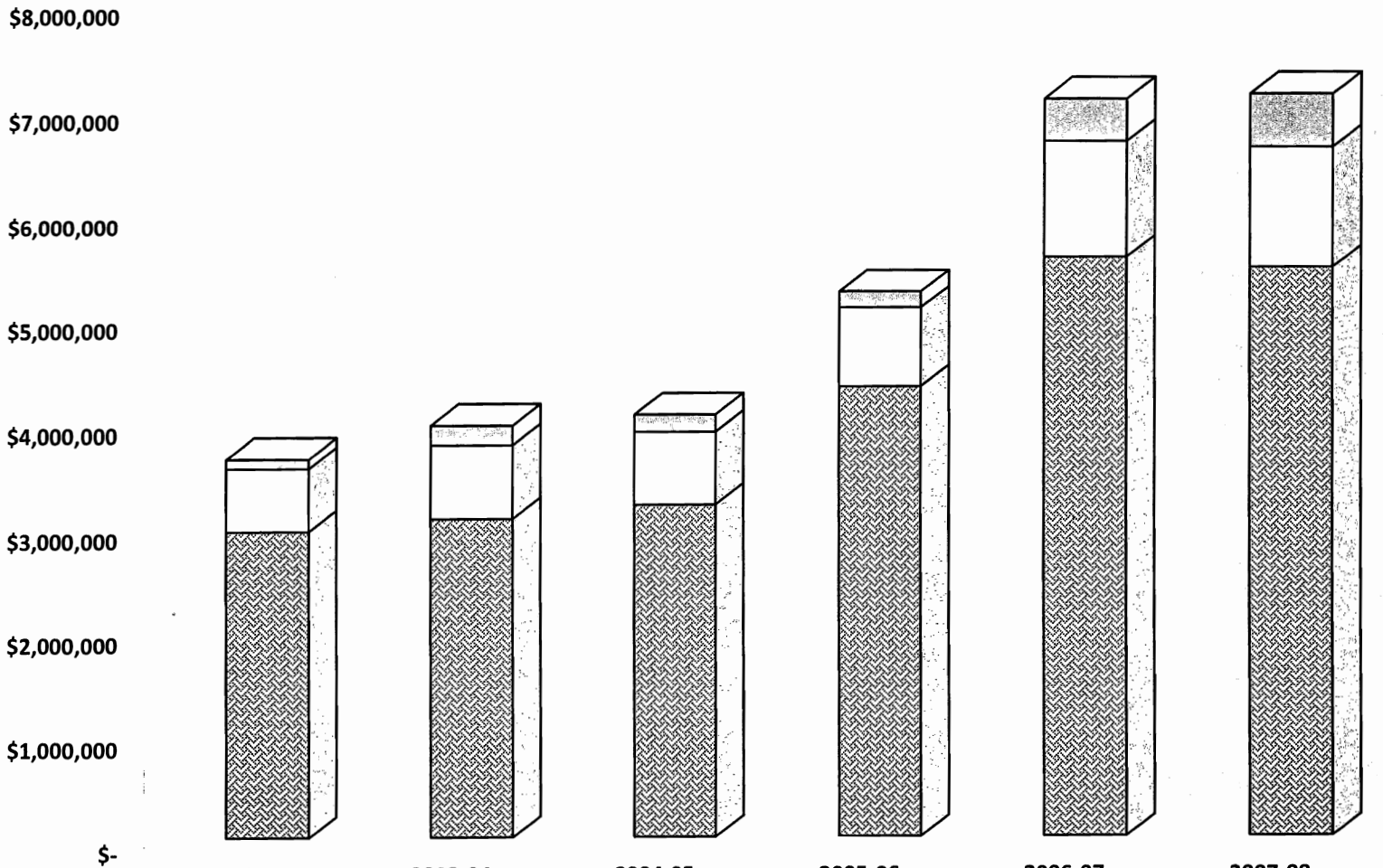
Center Moriches - East Moriches
MERGER STUDY

East Moriches Students Tuitioned Out to Other Schools



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Eastport-South Manor	11	21	23	24	29	37
Center Moriches	58	66	66	57	64	76
West Hampton Beach	226	220	217	247	273	258

East Moriches Tuition Expense to Receiving Districts



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Eastport-South Manor	$89,947	$186,165	$164,611	$156,936	$398,026	$498,292
Center Moriches	$597,516	$698,874	$689,634	$759,810	$1,108,911	$1,154,700
West Hampton Beach	$2,938,678	$3,056,900	$3,187,947	$4,305,951	$5,555,060	$5,458,831

Building Incentive Aid

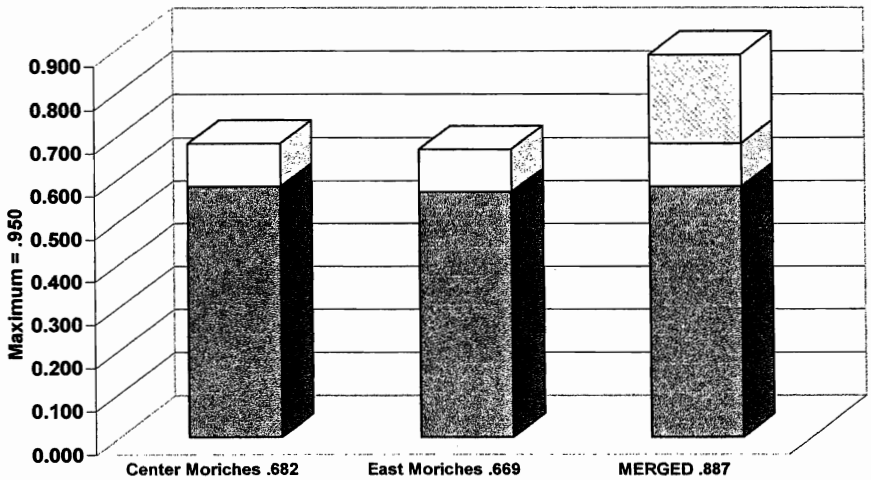
In addition to merger incentive operating aid, districts which reorganize are eligible for Building Incentive Aid for capital projects which are approved within 10 years after the date of reorganization of the new district.

Thirty percent, up to a maximum of ninety five percent depending upon district wealth, is added to any state aid for construction costs for which the school district is eligible.

BUILDING INCENTIVE. Additional 30% of the HIGHEST of the Former School Districts' SEL Selected Building Aid Ratio, capped at 95% for any NEW project approved within 10 years of the official date of Reorganization. Remaining Debt of former Districts becomes aided at the Highest RWADA Aid Ratio of the former Districts, but is not eligible for the additional 30%. *[Ed. Law §3602, 14, c (vi)]*

The graph below shows that while Center Moriches currently earns 68.2% state building aid on approved projects and East Moriches 66.9%, the two districts if merged, would be eligible for 88.7% building aid on approved capital projects.

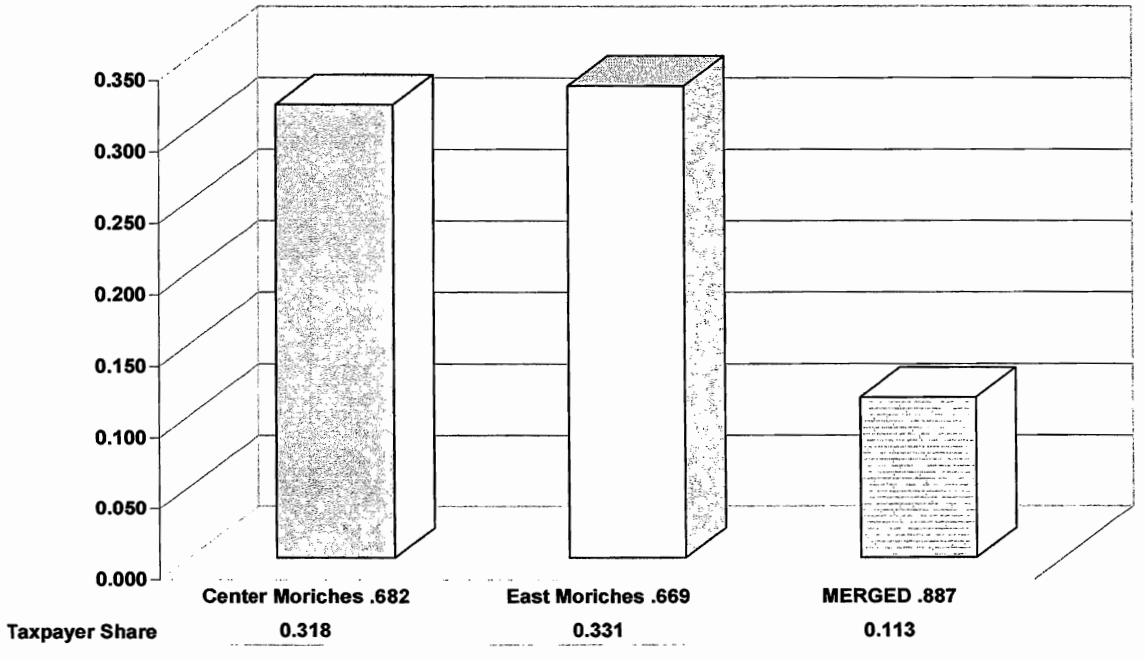
BUILDING AID RATIOS



	Center Moriches .682	East Moriches .669	MERGED .887
Merger incentive = 30% of BAR	-	-	0.205
10% Regular Incentive	0.100	0.100	0.100
REVISED SELECTED 2006-07 BLDG AID RATIO	0.582	0.569	0.582

Perhaps more dramatically, the graph below reveals that, should Center Moriches and East Moriches reorganize, the new district would enjoy a local share of allowable capital construction cost of 0.113%, or just slightly more than 11%, on new capital projects approved within 10 years of the date of reorganization.

TAXPAYER SHARE OF NEW BUILDING PROJECT
(Portion of Eligible Costs)



The enriched *building incentive aid* is maintained at the higher level for all projects approved within ten years after consolidation.

This Building Incentive Aid is of critical importance to the two districts. A review of the the Clayton Huey building in Center Moriches and the Middle School building in East

Moriches, respectively, show significant need for updating and/or reconstruction of existing facilities.

In addition, should the districts consolidate in the future, at least 15-20 new classrooms would need to be constructed to house those East Moriches high school pupils who are currently tuitioned to Westhampton Beach and Eastport South Manor high schools.

In the above scenarios, Building Incentive Aid would represent a local savings of thousands of dollars. A breakdown of possible construction costs are found in a subsequent chapter of this report.

Center Moriches-East Moriches
MERGER STUDY

BLD-SBA Date 3/24/2007
BLD-SBA Edition 536
District Number: 580233 580234

			Center Moriches	East Moriches	COMBINED
B.	**SUMMARY OF BUILDING AID RATIOS**				
I	**2006-07 BUILDING AID RATIO FOR PROJECTS WITH VOTER APPROVAL PRIOR to 07/01/1998**				
	7	2003 SELECTED ACTUAL VALUATION 67	$ 676,902,589	$ 575,449,553	$ 1,252,352,142
	8	2004-05 RWADA	1,443	1,170	2,613
	9	2003 SELECTED VALUATION/2004-05 RWADA	$ 469,093	$ 491,837	$ 479,277
	10	ENTRY 9 / $456,700	1.027	1.076	1.049
	11	ENTRY 10 * .510	0.523	0.548	0.534
	12	2006-07 RWADA AID RATIO (1.000 - ENTRY 11, MAX .950)	**0.477**	**0.452**	**0.466**
	13	SELECTED 2005-06 BLDG AID RATIO	0.682	0.669	
	14	SELECTED 2006-07 BLDG AID RATIO (> OF ENT12 OR ENT13)	0.682	0.669	0.682
II.	**2006-07 BUILDING AID RATIO FOR PROJECTS WITH VOTER APPROVAL**				
	ON OR AFTER 7/1/98 BUT PRIOR TO 7/1/2000				
	15	SELECTED 2006-07 BLDG AID RATIO ENHANCED BY 10%			
		INCENTIVE (ENT 14 + .100, MAX .950)	**0.782**	**0.769**	**0.782**
III.	**2006-07 BUILDING AID RATIO FOR PROJECTS WITH VOTER APPROVAL**				
	ON OR AFTER 7/1/2000 BUT PRIOR TO 7/1/2005				
	16	SELECTED 1999-00 BLDG AID RATIO MINUS 10%	0.582	0.569	(0.100)
	17	REVISED SELECTED 2006-07 BLDG AID RATIO			
		(> OF ENT 12 OR ENT 16, MAX .950)	0.582	0.569	0.466
	18	BUILDING AID RATIO FOR LOW WEALTH AID ELIGIBLE SCHOOL			
		DISTRICTS (LOW WEALTH DISTRICTS INCLUDE THOSE WHOSE			
		PUPIL WEALTH RATIO IS > 2.5 AND ALTERNATE PUPIL	0.000	0.000	0.000
	19	WEALTH RATIO IS < .85) (1.263 * SEL SHARING RATIO)			
		2006-07 BLD3 SELECTED BUILDING AID RATIO FOR LOW			
		WEALTH SCHOOL DISTRICTS			
		(GREATER OF ENT 17 OR ENT 18, MAX .950)	0.582	0.569	0.466
	20	**2006-07 BLD3 SELECTED BUILDING AID RATIO ENHANCED**			
		BY 10% INCENTIVE (ENT 17 + .100, MAX .950)	**0.682**	**0.669**	**0.566**
IV.	**2006-07 BUILDING AID RATIO FOR PROJECTS WITH VOTER APPROVAL**				
	ON OR AFTER 7/1/2005				
	21	HIGH NEEDS SUPPLEMENT (ENT 17 * .05)	0.000	0.000	0.000
	22	0.98 MINUS 2006-07 SEL BUILDING AID RATIO BEFORE 10%			
		(0.98 - ENT 17)	0.000	0.000	0.000
	23	HIGH NEEDS SUPPLEMENTAL BUILDING AID RATIO (HNSBAR)			
		(LESSER OF ENT 22 OR ENT 21)	0.000	0.000	0.000
	24	SELECTED 2006-07 BUILDING AID RATIO BEFORE 10% PLUS			
		HNSBAR (ENT 17 + ENT 23)	0.000	0.000	0.000
	25	SELECTED 2006-07 BUILDING AID RATIO + HNSBAR ENHANCED			
		BY 10% INCENTIVE (ENT 24 + .100, MAX .980)	0.000	0.000	0.000
	26	**2006-07 BLD4 SELECTED BUILDING AID RATIO ENHANCED**			
		BY 10% INCENTIVE (NON-HNSBAR DISTRICTS) (ENT 20)	**0.682**	**0.669**	**NA**
	MERGER INCENTIVE BUILDING AID RATIO:				
	SELECTED 2006-07 BLDG AID RATIO		0.682	0.669	**0.682**
	Merger incentive = 30% of BAR		-	-	**0.205**
	AFTER MERGER - HIGHEST FORMER x 130%		**0.682**	**0.669**	**0.887**

Building Debt Observations

Both districts have outstanding long term indebtedness. Following a consolidation of East Moriches and Center Moriches into a new school district, all long term indebtedness becomes the responsibility of the newly formed district without regard to which community originally accrued the debt. This would include not only borrowing for previous capital construction, but also the long term debt acquired by East Moriches in the form of a deficit reduction bond which ameliorated several years of deficit spending.

What follows are five (5) pages of **tables**, the first three pages detailing Center Moriches current long term indebtedness, and the remaining two pages showing East Moriches debt.

On the first page of each district's tables a composite, or GRAND TOTAL DEBT, is included which combines all active debt issues for each district. In this *Grand Total* display, columns show the year of payment, principal and interest payments and total payment that year, any building aid for which the debt is eligible, the local share to be paid, and the impact on the tax rate (per $100 of assessed) expressed in 2007 dollars.

In analyzing the latter column regarding Center Moriches debt schedule, the tax impact of the debt declines linearly from $18.12 per $100/AV in 2007 to $13.19 in 2021, when all Center Moriches debt is retired.

Analysis of the tax impact of debt in East Moriches shows a significantly different pattern (page 4 of tables).

An increase in the tax impact (from $3.92 to $6.27) in 2008-09 is as a result of the deficit bond borrowing required by the district's several previous years of deficit spending. The June 15, 2007 issue for $2,000,000 in Deficit financing Serial Bonds is

detailed page 5 of the debt tables. [It should be noted that no amortized state aid is eligible for deficit reduction borrowing and, as a result the full principal + interest payment is borne by the local taxpayer.

Also of note in East Moriches GRAND TOTAL table is the significant increase in tax impact caused by the payment structure of a Series A bond issued on July 2, 2003. For a reason unknown to the consultants, the state building aid schedule for this issue terminates in 2020, with the remaining principal + interest payments a scheduled responsibility of the local taxpayer. This uneven schedule results in an increase in the tax impact from $2.33 per $100/AV in 2019 to $10.45 in 2020, with the higher tax impact of long term debt extending through 2033. All current debt in East Moriches would be retired in 2034.

Following the tables, a bar chart entitled *Local Share of Outstanding Bonded Debt* is included to more graphically show the differences in debt structure outlined above.

Center Moriches Union Free School District
OUTSTANDING DEBT, STATE AID AND LOCAL SHARE

	CENTER MORICHES DEBT GRAND TOTAL						3/15/2002 $10,000,000 Series "A"					
							Proj. # 0006-006					
						2006-07				Assumed DS $ 561,889 BLD3 BAR 0.682		
Year Ending 30-Jun	15-Jun Principal	Interest	Total P+I	Amortized Building Aid	Estimated Local Share	Per C$ Tax Rate $ 8,056,859	15-Mar Principal	Coupon	4.375-5.00% Interest	Total P+I	Amortized Building Aid	Estimated Local Share
2007	1,305,000	1,059,066	2,364,066	904,373	1,459,693	$ 18.12	420,000	4.50%	424,900	844,900.00	383,208	461,692
2008	1,310,000	1,002,829	2,312,829	904,373	1,408,456	$ 17.48	435,000	4.50%	406,000	841,000.00	383,208	457,792
2009	1,360,000	946,791	2,306,791	904,373	1,402,418	$ 17.41	460,000	4.50%	386,425	846,425.00	383,208	463,217
2010	1,410,000	886,310	2,296,310	904,373	1,391,937	$ 17.28	480,000	4.50%	365,725	845,725.00	383,208	462,517
2011	1,465,000	821,641	2,286,641	904,373	1,382,268	$ 17.16	505,000	4.50%	344,125	849,125.00	383,208	465,917
2012	1,505,000	754,590	2,259,590	904,373	1,355,217	$ 16.82	525,000	4.50%	321,400	846,400.00	383,208	463,192
2013	1,570,000	685,231	2,255,231	904,373	1,350,858	$ 16.77	555,000	4.50%	297,775	852,775.00	383,208	469,567
2014	1,625,000	613,010	2,238,010	904,373	1,333,637	$ 16.55	580,000	4.75%	272,800	852,800.00	383,208	469,592
2015	1,445,000	543,540	1,988,540	904,373	1,084,167	$ 13.46	605,000	5.00%	245,250	850,250.00	383,208	467,042
2016	1,515,000	475,412	1,990,412	904,373	1,086,039	$ 13.48	635,000	5.00%	215,000	850,000.00	383,208	466,792
2017	1,580,000	403,065	1,983,065	904,373	1,078,692	$ 13.39	665,000	5.00%	183,250	848,250.00	383,208	465,042
2018	1,660,000	326,658	1,986,658	904,373	1,082,285	$ 13.43	700,000	5.00%	150,000	850,000.00	383,208	466,792
2019	1,725,000	246,025	1,971,025	904,373	1,066,652	$ 13.24	730,000	5.00%	115,000	845,000.00	383,208	461,792
2020	1,810,000	161,388	1,971,388	904,373	1,067,015	$ 13.24	765,000	5.00%	78,500	843,500.00	383,208	460,292
2021	1,895,000	71,744	1,966,744	904,373	1,062,371	$ 13.19	805,000	5.00%	40,250	845,250.00	383,208	462,042
2022	-	-	-	-	-	$ -				-		-
2023	-	-	-	-	-	$ -				-		-
	23,180,000	8,997,299	32,177,299	13,565,594	18,611,706	$ 13.59	8,865,000		3,846,400	12,711,400	5,748,124	6,963,276

Center Moriches Union Free School District
OUTSTANDING DEBT, STATE AID AND LOCAL SHARE

	3/15/2002 $2,500,000 Series "B"						3/15/2002 $11,100,000 Series "C"					
	Proj. # 0006-006			Assumed DS $ 140,473 BLD3 BAR 0.682						Assumed DS $ 623,698 BLD3 BAR 0.682		
Year Ending 30-Jun	15-Mar Principal	Coupon	Interest	Total P+I	Amortized Building Aid	Estimated Local Share	1-Dec Principal	Coupon	Interest	Total P+I	Amortized Building Aid	Estimated Local Share
2007	100,000	4.50%	102,950	202,950.00	95,803	107,147	495,000	3.50%	429,309	924,308.75	425,362	498,947
2008	105,000	4.50%	98,450	203,450.00	95,803	107,647	520,000	3.50%	411,546	931,546.25	425,362	506,184
2009	110,000	4.50%	93,725	203,725.00	95,803	107,922	540,000	3.50%	392,996	932,996.25	425,362	507,634
2010	115,000	4.50%	88,775	203,775.00	95,803	107,972	565,000	4.25%	371,540	936,540.00	425,362	511,178
2011	120,000	4.50%	83,600.00	203,600.00	95,803	107,797	590,000	4.25%	346,996.25	936,996.25	425,362	511,634
2012	125,000	4.50%	78,200.00	203,200.00	95,803	107,397	615,000	4.25%	321,390.00	936,390.00	425,362	511,028
2013	135,000	4.50%	72,575.00	207,575.00	95,803	111,772	640,000	4.25%	294,721.25	934,721.25	425,362	509,359
2014	140,000	4.50%	66,500.00	206,500.00	95,803	110,697	665,000	4.25%	266,990.00	931,990.00	425,362	506,628
2015	145,000	4.50%	60,200.00	205,200.00	95,803	109,397	695,000	4.25%	238,090.00	933,090.00	425,362	507,728
2016	155,000	5.00%	52,950.00	207,950.00	95,803	112,147	725,000	4.38%	207,461.88	932,461.88	425,362	507,100
2017	160,000	5.00%	45,200.00	205,200.00	95,803	109,397	755,000	4.50%	174,615.00	929,615.00	425,362	504,253
2018	170,000	5.00%	37,200.00	207,200.00	95,803	111,397	790,000	4.60%	139,457.50	929,457.50	425,362	504,095
2019	175,000	5.00%	28,700.00	203,700.00	95,803	107,897	820,000	4.63%	102,325.00	922,325.00	425,362	496,963
2020	185,000	5.25%	19,950.00	204,950.00	95,803	109,147	860,000	4.75%	62,937.50	922,937.50	425,362	497,575
2021	195,000	5.25%	10,237.50	205,237.50	95,803	109,435	895,000	4.75%	21,256.25	916,256.25	425,362	490,894
2022				-		-				-		-
2023				-		-				-		-
	2,135,000		**939,213**	**3,074,213**	**1,437,039**	**1,637,174**	**10,170,000**		**3,781,632**	**13,951,631.88**	**6,380,431**	**7,571,201**

Center Moriches Union Free School District
OUTSTANDING DEBT, STATE AID AND LOCAL SHARE

	11/1/1982 $2,800,000						8/15/1995 $4,400,000					
				Assumed DS BLD3 BAR	$ 117,099 0.682			0001-005 0001-006	0006-003 0006-004	Assumed DS BLD3 BAR	$ 293,190 0.682	
Year Ending 30-Jun	1-Dec Principal	Coupon	Interest	Total P+I	Amortized Building Aid	Estimated Local Share	15-Aug Principal	Coupon	Interest	Total P+I	Amortized Building Aid	Estimated Local Share
2007	40,000	9.75%	1,950	41,950.00	79,862	(37,912)	250,000	5.25%	99,958	349,957.50	199,956	150,002
2008				-		-	250,000	5.25%	86,833	336,832.50	199,956	136,877
2009				-		-	250,000	5.30%	73,645	323,645.00	199,956	123,689
2010				-		-	250,000	5.40%	60,270	310,270.00	199,956	110,314
2011				-		-	250,000	5.50%	46,920.00	296,920.00	199,956	96,964
2012				-		-	240,000	5.60%	33,600.00	273,600.00	199,956	73,644
2013				-		-	240,000	5.60%	20,160.00	260,160.00	199,956	60,204
2014				-		-	240,000	5.60%	6,720.00	246,720.00	199,956	46,764
2015				-		-				-		-
2016				-		-				-		-
2017				-		-				-		-
2018				-		-				-		-
2019				-		-				-		-
2020				-		-				-		-
2021				-		-				-		-
2022				-		-				-		-
2023				-		-				-		-
	40,000		1,950	41,950.00	79,862	(37,912)	1,970,000		428,105	2,398,105.00	1,599,645	798,460
				-						-		

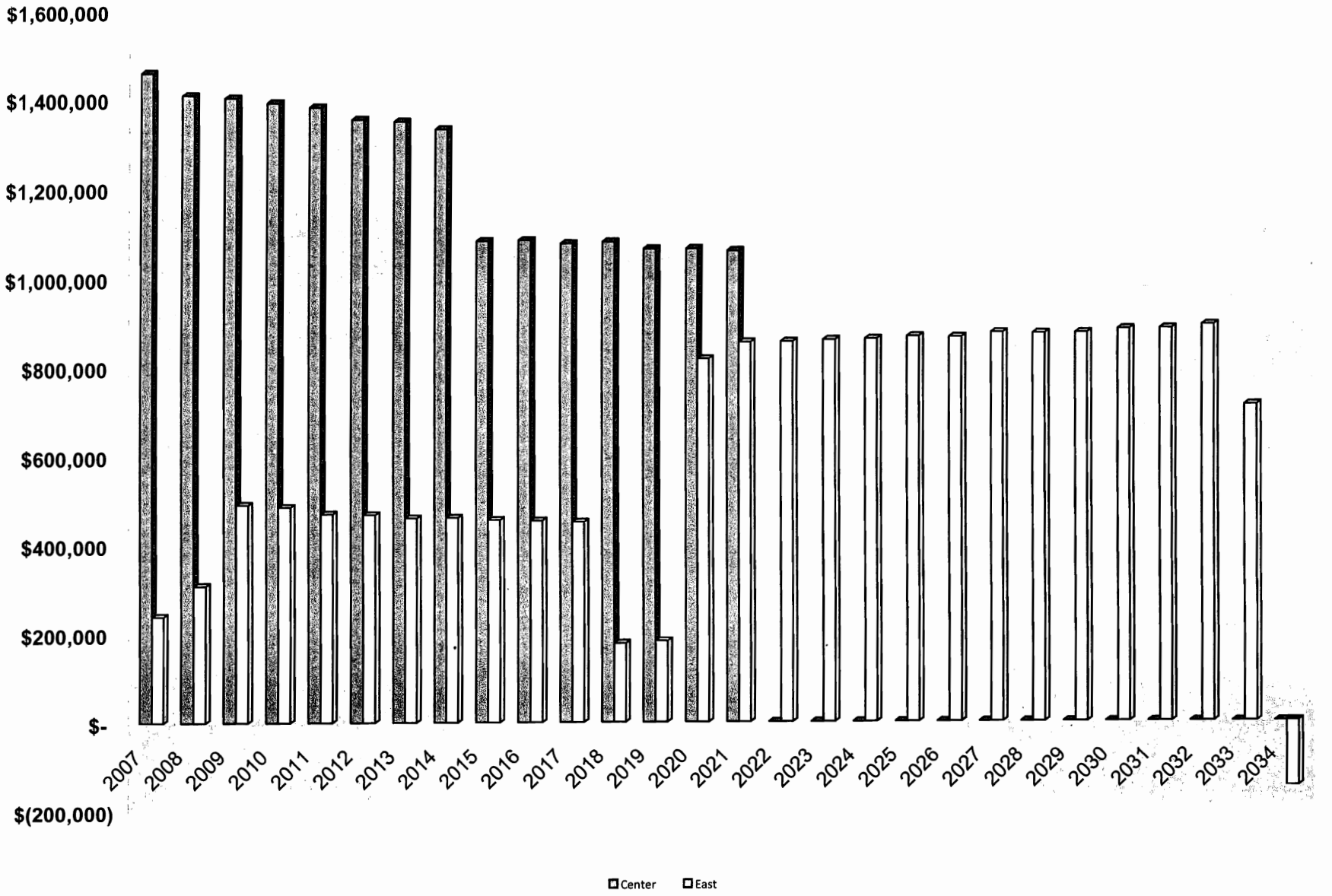
East Moriches Union Free School District
OUTSTANDING DEBT, STATE AID AND LOCAL SHARE

	EAST MORICHES DEBT GRAND TOTAL (Includes Deficit Bonds)					2006-07
Year Ending 30-Jun	15-Jun Principal	Interest	Total P+I	Amortized Building Aid	Estimated Local Share	Per C$ Tax Rate $ 7,835,292
2007	515,000	951,924	1,466,924	1,228,129	238,795	$ 3.05
2008	520,000	1,015,549	1,535,549	1,228,129	307,420	$ 3.92
2009	725,000	994,449	1,719,449	1,228,129	491,320	$ 6.27
2010	750,000	964,479	1,714,479	1,228,129	486,350	$ 6.21
2011	765,000	933,794	1,698,794	1,228,129	470,665	$ 6.01
2012	795,000	902,079	1,697,079	1,228,129	468,950	$ 5.99
2013	820,000	869,349	1,689,349	1,228,129	461,220	$ 5.89
2014	855,000	835,224	1,690,224	1,228,129	462,095	$ 5.90
2015	885,000	799,762	1,684,762	1,228,129	456,633	$ 5.83
2016	920,000	762,962	1,682,962	1,228,129	454,833	$ 5.80
2017	955,000	724,724	1,679,724	1,228,129	451,595	$ 5.76
2018	720,000	685,049	1,405,049	1,228,129	176,920	$ 2.26
2019	755,000	655,549	1,410,549	1,228,129	182,420	$ 2.33
2020	785,000	624,749	1,409,749	591,025	818,724	$ 10.45
2021	820,000	592,649	1,412,649	556,021	856,628	$ 10.93
2022	855,000	558,614	1,413,614	556,021	857,593	$ 10.95
2023	895,000	522,521	1,417,521	556,021	861,500	$ 11.00
2024	935,000	484,777	1,419,777	556,021	863,756	$ 11.02
2025	980,000	445,280	1,425,280	556,021	869,259	$ 11.09
2026	1,020,000	403,393	1,423,393	556,021	867,372	$ 11.07
2027	1,075,000	358,874	1,433,874	556,021	877,853	$ 11.20
2028	1,120,000	312,230	1,432,230	556,021	876,209	$ 11.18
2029	1,170,000	263,568	1,433,568	556,021	877,547	$ 11.20
2030	1,230,000	212,568	1,442,568	556,021	886,547	$ 11.31
2031	1,285,000	158,803	1,443,803	556,021	887,782	$ 11.33
2032	1,350,000	102,150	1,452,150	556,021	896,129	$ 11.44
2033	1,225,000	45,563	1,270,563	556,021	714,542	$ 9.12
2034	400,000	9,000	409,000	556,021	(147,021)	$ (1.88)
	25,125,000	**16,189,631**	**41,314,631**	**24,340,988**	**16,973,643**	$ 7.74
	25,125,000	16,189,631	41,314,631	24,340,988	16,973,643	

East Moriches Union Free School District
OUTSTANDING DEBT, STATE AID AND LOCAL SHARE

	7/2/2003 $23,650,000 Series "A"							6/15/2007 $2,000,000 Deficit Financing Serial Bonds					
	Proj. # 0001-010 Main St. Proj. # 0009-001 New Elem.			Assumed DS BLD3 BAR	0001-010 0.669	0009-001 0.669		Proj. # 0006-006			Assumed DS BLD3 BAR	$ - 0.669	
Year Ending 30-Jun	?? Principal	4.00-5.00% Coupon	4.375-5.00% Interest	Total P+I	Amortized Building Aid	Amortized Building Aid	Estimated Local Share	15-Mar Principal	NIC - 4.3580375% Coupon	Interest	Total P+I	Amortized Building Aid	Estimated Local Share
2007	515,000	4.00%	951,924	1,466,924.00	672,108	556,021	238,795	-			-	-	-
2008	520,000	4.00%	928,649	1,448,649.00	672,108	556,021	220,520	-		86,900	86,900.00	-	86,900
2009	535,000	4.00%	907,549	1,442,549.00	672,108	556,021	214,420	190,000	4.30%	86,900	276,900.00	-	276,900
2010	555,000	4.00%	885,749	1,440,749.00	672,108	556,021	212,620	195,000	4.30%	78,730	273,730.00	-	273,730
2011	560,000	4.00%	863,449	1,423,449.00	672,108	556,021	195,320	205,000	4.30%	70,345	275,345.00	-	275,345
2012	585,000	4.00%	840,549	1,425,549.00	672,108	556,021	197,420	210,000	4.30%	61,530	271,530.00	-	271,530
2013	600,000	4.00%	816,849	1,416,849.00	672,108	556,021	188,720	220,000	4.375%	52,500	272,500.00	-	272,500
2014	625,000	4.00%	792,349	1,417,349.00	672,108	556,021	189,220	230,000	4.375%	42,875	272,875.00	-	272,875
2015	645,000	4.00%	766,949	1,411,949.00	672,108	556,021	183,820	240,000	4.375%	32,813	272,812.50	-	272,813
2016	670,000	4.00%	740,649	1,410,649.00	672,108	556,021	182,520	250,000	4.375%	22,313	272,312.50	-	272,313
2017	695,000	4.00%	713,349	1,408,349.00	672,108	556,021	180,220	260,000	4.375%	11,375	271,375.00	-	271,375
2018	720,000	4.00%	685,049	1,405,049.00	672,108	556,021	176,920				-		-
2019	755,000	4.00%	655,549	1,410,549.00	672,108	556,021	182,420				-		-
2020	785,000	4.00%	624,749	1,409,749.00	35,004	556,021	818,724				-		-
2021	820,000	4.00%	592,649	1,412,649.00	-	556,021	856,628				-		-
2022	855,000	4.125%	558,614	1,413,614.00	-	556,021	857,593				-		-
2023	895,000	4.125%	522,521	1,417,521.00	-	556,021	861,500						
2024	935,000	4.125%	484,777	1,419,777.00	-	556,021	863,756						
2025	980,000	4.125%	445,280	1,425,280.00	-	556,021	869,259						
2026	1,020,000	4.25%	403,393	1,423,393.00	-	556,021	867,372						
2027	1,075,000	4.25%	358,874	1,433,874.00	-	556,021	877,853						
2028	1,120,000	4.25%	312,230	1,432,230.00	-	556,021	876,209						
2029	1,170,000	4.25%	263,568	1,433,568.00	-	556,021	877,547						
2030	1,230,000	4.25%	212,568	1,442,568.00	-	556,021	886,547						
2031	1,285,000	4.30%	158,803	1,443,803.00	-	556,021	887,782						
2032	1,350,000	4.30%	102,150	1,452,150.00	-	556,021	896,129						
2033	1,225,000	4.50%	45,563	1,270,563.00	-	556,021	714,542						
2034	400,000	4.50%	9,000	409,000.00	-	556,021	(147,021)				-		-
	23,125,000		**15,643,351**	**38,768,351**	**8,772,410**	**15,568,577**	**14,427,363**	**2,000,000**		**546,280**	**2,546,280**	**-**	**2,546,280**

LOCAL SHARE OF OUTSTANDING BONDED DEBT



Property Values, Tax Rates, and Future Tax Rate Projections

On the **Table** that follows, ***Tax Levy and Assessed Values and Projections***, the levy and assessed values of Center Moriches and East Moriches are traced from 1992-93 through 2007-08.

For both the school tax levy and taxable values, the table also offers estimated projections for the years 2008-09 through 2013-14 based upon historic trends.

The table further breaks down the data into three columns: *Center Moriches; East Moriches;* and *Combined.* Within each of the three columns, data is further divided into two additional columns, one for raw data and one representing a percent of change year to year.

Notes:

1. Both districts are located wholly in a single assessing municipality, the Town of Brookhaven.
2. Each district experienced a significant spike in the tax levy in a previous year; Center Moriches (+40.9%) in 2004-05 and East Moriches (+30%) in 2006-07.
3. The average levy increase in Center Moriches is $796,380 which represents a 4.7% increase against the 2007-08 levy total.
4. The average levy increase in East Moriches is $664,408 which represents a 4.5% increase against the 2007-08 levy total.
5. 2008-09 is the first year that full payment of principal and interest on the 2,000,000 Deficit Reduction Bond is required by East Moriches. Therefore, the projected levy in years 2008-09 through 2013-14 is impacted by this new expenditure requirement. (See Debt section of this report for details of this bond repayment schedule). For this reason, the projected levy increase in East Moriches beginning with the year 2008-09 is not 4.5% but rather a higher percentage to accommodate the principal and interest owed on the Deficit Reduction Bond.

6. In Center Moriches the assessed value increase from year to year has been relatively stable.
7. In East Moriches, the sharp decline in assessed value in 2007-08 is attributable in large part to the correcting of an error made by the Brookhaven Assessor the previous year when a large taxable parcel was mistakenly counted twice on the tax roll.

Tax Levy and Assessed Values and Projections

Levy and Assessment Values = Average 14 years of change

MORICHES

School FYE Ending June 30	Center (Proj. % based on 1993-2008)		East (Proj. % based on 1993-2008)		Combined (Proj. % based on 1993-2008)	
School Levy	Projections based on [(2008-1993)/15]/2008 = % Applied to Subsequent Years EMO new Deficit Bond added to EMO Levy 2009-2014					Δ
1993	4,971,924		4,827,671		9,799,595	
1994	5,432,851	9.3%	5,334,056	10.5%	10,766,907	9.9%
1995	5,754,727	5.9%	5,697,243	6.8%	11,451,970	6.4%
1996	6,558,701	14.0%	5,622,377	-1.3%	12,181,078	6.4%
1997	7,129,254	8.7%	6,072,946	8.0%	13,202,201	8.4%
1998	7,389,453	3.6%	6,183,490	1.8%	13,572,943	2.8%
1999	7,694,020	4.1%	6,185,962	0.0%	13,879,982	2.3%
2000	8,079,427	5.0%	6,923,982	11.9%	15,003,408	8.1%
2001	8,435,867	4.4%	7,171,043	3.6%	15,606,910	4.0%
2002	9,116,566	8.1%	7,734,294	7.9%	16,850,860	8.0%
2003	10,126,207	11.1%	8,354,618	8.0%	18,480,825	9.7%
2004	11,408,733	12.7%	9,065,780	8.5%	20,474,512	10.8%
2005	16,075,620	40.9%	9,977,465	10.1%	26,053,085	27.2%
2006	16,163,445	0.5%	11,142,337	11.7%	27,305,783	4.8%
2007	16,741,590	3.6%	14,482,511	30.0%	31,224,101	14.3%
2008	**16,917,620**	**1.1%**	**14,793,795**	**2.1%**	**31,711,415**	**1.6%**
Dollar Δ 1993-2008	*$ 11,945,696*		*$ 9,966,124*		*$ 21,911,820*	
1/15th of Dollar Δ 1993-2008	*$ 796,380*	**4.7%**	*$ 664,408*	**4.5%**	*$ 1,460,788*	**4.6%**
2009	***17,714,000***	**4.7%**	***15,735,103***	**6.4%**	***33,172,203***	**4.6%**
2010	***18,547,868***	**4.7%**	***16,715,517***	**6.2%**	***34,115,138***	**2.8%**
2011	***19,420,990***	**4.7%**	***17,741,577***	**6.1%**	***34,516,366***	**1.2%**
2012	***20,335,214***	**4.7%**	***18,809,904***	**6.0%**	***34,350,932***	**-0.5%**
2013	***21,292,473***	**4.7%**	***19,927,181***	**5.9%**	***33,592,734***	**-2.2%**
2014	***22,294,794***	**4.7%**	***21,095,011***	**5.9%**	***32,799,609***	**-2.4%**
			Includes ↑ Deficit Bond Debt Service		**Less Phased in Savings EMO Tuition to CMO**	
Taxable Value - C$	Projections based on [(2008-1993)/15]/2008 = % Applied to Subsequent Years					
1993	6,493,645		5,874,008		12,367,653	
1994	6,566,649	1.1%	5,954,051	1.4%	12,520,700	1.2%
1995	6,635,527	1.0%	5,941,002	-0.2%	12,576,529	0.4%
1996	6,691,528	0.8%	5,946,436	0.1%	12,637,964	0.5%
1997	6,717,853	0.4%	5,920,609	-0.4%	12,638,462	0.0%
1998	6,833,165	1.7%	5,966,719	0.8%	12,799,884	1.3%
1999	6,933,861	1.5%	6,015,366	0.8%	12,949,227	1.2%
2000	7,075,610	2.0%	6,094,625	1.3%	13,170,235	1.7%
2001	7,172,580	1.4%	6,185,133	1.5%	13,357,713	1.4%
2002	7,379,027	2.9%	6,290,703	1.7%	13,669,730	2.3%
2003	7,530,738	2.1%	6,470,279	2.9%	14,001,017	2.4%
2004	7,581,309	0.7%	6,445,035	-0.4%	14,026,344	0.2%
2005	7,715,199	1.8%	6,924,227	7.4%	14,639,426	4.4%
2006	7,917,397	2.6%	7,332,270	5.9%	15,249,667	4.2%
2007	8,056,859	1.8%	7,835,292	6.9%	15,892,151	4.2%
2008	**8,080,840**	**0.3%**	**7,481,291**	**-4.5%**	**15,562,131**	**-2.1%**
Dollar Δ 1993-2008	*$ 1,587,195*		*$ 1,607,283*	**22% > CMO**	*$ 3,194,478*	
1/15th of Dollar Δ 1993-2008	*$ 105,813*	**1.3%**	*$ 107,152*	**1.4%**	*$ 212,965*	**1.4%**
2009	***8,186,653***	**1.3%**	***7,588,443***	**1.4%**	***15,775,096***	**1.4%**
2010	***8,293,852***	**1.3%**	***7,697,130***	**1.4%**	***15,990,976***	**1.4%**
2011	***8,402,454***	**1.3%**	***7,807,374***	**1.4%**	***16,209,810***	**1.4%**
2012	***8,512,478***	**1.3%**	***7,919,196***	**1.4%**	***16,431,638***	**1.4%**
2013	***8,623,943***	**1.3%**	***8,032,620***	**1.4%**	***16,656,503***	**1.4%**
2014	***8,736,868***	**1.3%**	***8,147,669***	**1.4%**	***16,884,444***	**1.4%**

Projection of Tax Rates in Future Years

No different than in most districts who consider merging with another district, property tax issues are an important consideration in Center Moriches and East Moriches.

While working with the Feasibility Study Committee it soon became apparent to the consultants that the Incentive Operating Aid which the districts would be eligible to receive, estimated to be nearly $18 million but spread out on a declining scale over 14 years, would be insufficient to cause these two districts (with combined 2007-08 budget total of more than $50 million) to significantly alter instructional delivery and build required new student space, much less impact the tax rate to a meaningful degree.

It was determined that if the two districts were to earnestly and honestly explore merging, other economies would have to present themselves in order to make such a union worthwhile. It is with the above in mind that the following calculations were developed and reviewed by the Feasibility Study Committee.

Calculation of Additional Savings Resulting From Merger of Center Moriches and East Moriches

Two significant cost centers exist which must be included in the analysis of financial impact following a potential merger of the two districts.

1. Savings realized by utilizing existing classroom seats Center Moriches High School at no additional staffing cost.
2. Costs or savings as a result of differences in current tuition rates for East Moriches high school pupils (both regular education and special education) among Westhampton Beach High School, Eastport South Manor High School, and Center Moriches High School

Savings Realized Through Available Seats in Center Moriches Classrooms

It is our experience and recommendation that, in order to balance cost efficiency with academic integrity, secondary schools can operate effectively with 24-26 pupils per academic section. Certainly, more students than 24-26 can be accommodated in some school settings such as physical education and study halls, and less are optimum in exploratory settings such as art or home and career skills classes.

After meeting with the Center Moriches high school principal, we are designating the low end of this range, 24 pupils per class, as an acceptable number of pupils.

Using only the core area subjects, the table below indicates that conservatively 25 pupils per grade level could be additionally accommodated at Center Moriches high school over and above the high school's normal school growth patterns by fully utilizing existing teaching staff at the above mentioned 24 pupils per classroom. Realistically, this number could be higher if classrooms in non-core area subjects were to be considered also, but we recognize that some growth in enrollment is projected for Center Moriches high school over the next several years and that normal enrollment growth must also be accommodated. We are aware too that the physical dimensions in several of the special area classrooms are small and therefore would have difficulty accommodating significantly more pupils. In addition we would prefer that all estimates of potential savings be on the conservative side.

Currently, according to Principal Bracco's data, Center Moriches High School conducts classes with a rich student/ staff ratio as follows:

Department	Average Class Size	Additional Seats Available
English	18	+6
Math	19	+5
Social Studies	20	+4
Science	20	+4
Foreign Language	18	+6
*		

*Note- Student/staff ratios in the Center Moriches guidance department already are better than Suffolk count averages.

Since the average local cost to educate a high school pupil in Center Moriches is roughly $13,500, each 25 additional pupils who can be accommodated at Center Moriches high school (without additional staff costs) from schools that currently charge East Moriches tuition, would represent an additional savings, over and above the difference in tuition costs, of $337,500 annually.

If 25 pupils were to be added over and above normal growth patterns in each grade level 9 – 12, the annual savings to taxpayers would be $1,350,000.

Savings as a Result of Different Tuition Rates

Currently, East Moriches students in grades 9-12 have the option of attending one of three area high schools, Westhampton Beach HS, Eastport-South Manor HS, and Center Moriches HS. Each charges tuition, which is ultimately paid by the East Moriches taxpayers through the annual school budget process.. The tuition rates of each receiving school district fluctuate dramatically from one to another.

East Moriches Tuition Projection 2007-08

School	Estimated 2007 -08 Tuition***	Pupils	2007-08 Tuition Cost Total	Comparing Costs/Savings of Tuition vs Educating At CM's cost per pupil $$ @$14,700**
Eastport-South Manor	Regular Ed 7-12-$8,500* Sp Ed 60% - $45,203 Sp Ed 20% - $26,990	31 4 2	$498,292	+$198,856
Center Moriches	Reg Ed 7-12-$13,500** Spec Ed 60%-$45,248 Spec Ed 20%-$30,228	71 3 2	$1,154,700	+-$0
Westhampton Beach	Reg Ed 7-12$18,200 Spec Ed 60%-$66,303 Spec Ed 20% - $43,608	236 9 13	$5,458831	-$1,189,435
		371	$7,111,823	-$990,579 total savings

*Eastport-South Manor is currently receiving merger incentive aid of 40% for a period of five years. As that aid begins to decline after 5 years, tuition costs at E-SM will escalate accordingly.

In general tuition is calculated by determining the gross cost per pupil minus state aid per pupil to the particular district.

**The local cost of educating children at Center Moriches is calculated for this purpose as $14,700 rather than the $13,500 contracted with East Moriches. This is in part due to the fact that the State's tuition calculation formula or "Seneca Falls Formula" does not include all cost items. For this purpose, only, the consultants worked with Center Moriches officials to establish a base line sum of pupil costs not funded through state aid. By using the $14,700 estimate instead of the $13,500 the consultants seek to portray a more conservative estimate of annual savings.

*** 2007-2008 Tuition Estimates per East Moriches Business Office

Impact on Property Taxes

The two calculations above:

1. the accommodating of 25 students per grade level into already existing classrooms, and
2. the cost/savings resulting from eliminating the tuitioning of East Moriches students

have the potential to significantly impact the local tax rate in the two communities should a merger occur.

Current Space Insufficient for All Secondary Pupils

Also requiring consideration in this study is the fact that all of the students currently residing within the two districts would not fit into existing classroom space in the two school districts combined. That is because approximately 275 - 300 high school pupils annually are tuitioned to either Westhampton Beach high school or Eastport-South Manor high school, in addition to a number who already attend Center Moriches high school on a tuition basis.. It is, therefore, estimated that an additional 15 – 20 classrooms would need to be constructed to house all of the students residing in the two districts following a merger.

Although the money to construct these classrooms would exist in the combination of merger incentive aid plus building incentive aid following a merger, our experience is that it would take approximately three years for classrooms to leave the planning stage, obtain voter approval, complete State Education Department review and approval, and competitive bidding and construction, in order to accept student occupants.

For that reason, it would be necessary to phase in the movement of East Moriches secondary pupils from current tuitioned status to a Center Moriches-East Moriches high school building, should a merger occur.

One phase-in plan is offered below, which will be used to demonstrate how tax impact might be calculated over the years of the phase in. The final phase in plan would ultimately be determined by the board of education of the newly combined district, hopefully with significant school and community input.

Phase In of East Moriches Students to Center Moriches-East Moriches High School

The consultants recommend that an important goal of the potential consolidation be to allow students to complete high school experience in the school district in which they begin in 9th grade.

It is estimated that 36 months would be required for new construction from initial planning to completion.

The **table** that follows calculates the financial impact of the phase in plan. Each class that is fully accommodated at the newly combined high school will be credited with $337,500 in savings through utilizing existing classroom seats from the previous calculation, and one-fourth (¼) of the total tuition savings of $990,579, or $247,645 per grade per year.

Phase In of East Moriches Students to Center Moriches-East Moriches High School, cont

Year	Grade 9	Grade 10	Grade 11	Grade 12	Comments
2007-08					Finish Study; hold vote
2008-09	Remain on Current Tuition Plan	Remain on Current Tuition Plan	Remain on Current Tuition Plan	Remain on Current Tuition Plan	Merger Aid Begins; District works with architects; Planning for new school district and instructional program throughout the year
2009-10	EMO 9th and CM 9th attend CM HS $337,500 plus $247,645 tuition	Continue Tuition	Continue Tuition	Continue Tuition	Construction begins to add HS classrooms **$585,144 total saved**
2010-11	EMO 9th and CM 9th attend CM HS. $337,500 plus $247,645 tuition	All 10th graders attend CM HS $337,500 plus $247,645 tuition	Continue Tuition	Continue Tuition	Construction Complete August 2011 **$1,170,288 total saved**
2011-12	All 9th graders attend expanded HS $337,500 plus $247,645 tuition	All 10th graders attend expanded HS $337,500 plus $247,645 tuition	All 11th graders attend expanded HS $337,500 plus $247,645 tuition	12th grade choice: Continue tuition or attend expanded HS	August 2011 move into expanded facility **$1,755,432 total saved**
2012-13					All resident students from EMO and CM attend expanded HS **$2,340,576 total saved**

The **Table** and **bar graph** on the following pages, *Tax Rates 2003-2008 & Projections to 2014* represents estimated tax rates in the combined district in each year following consolidation of Center Moriches UFSD and East Moriches UFSD. They do not include any tax impact that might be enjoyed as a result of utilizing Merger Incentive Aid to further offset or stabilize local property taxes. Those calculations follow in a section entitled ***Final Tax Rate Projections***.

Tax Rate Calculation and Projections

Calculations of Tax Rate Below Do Not Include 34% Merger Incentive Aid Addition

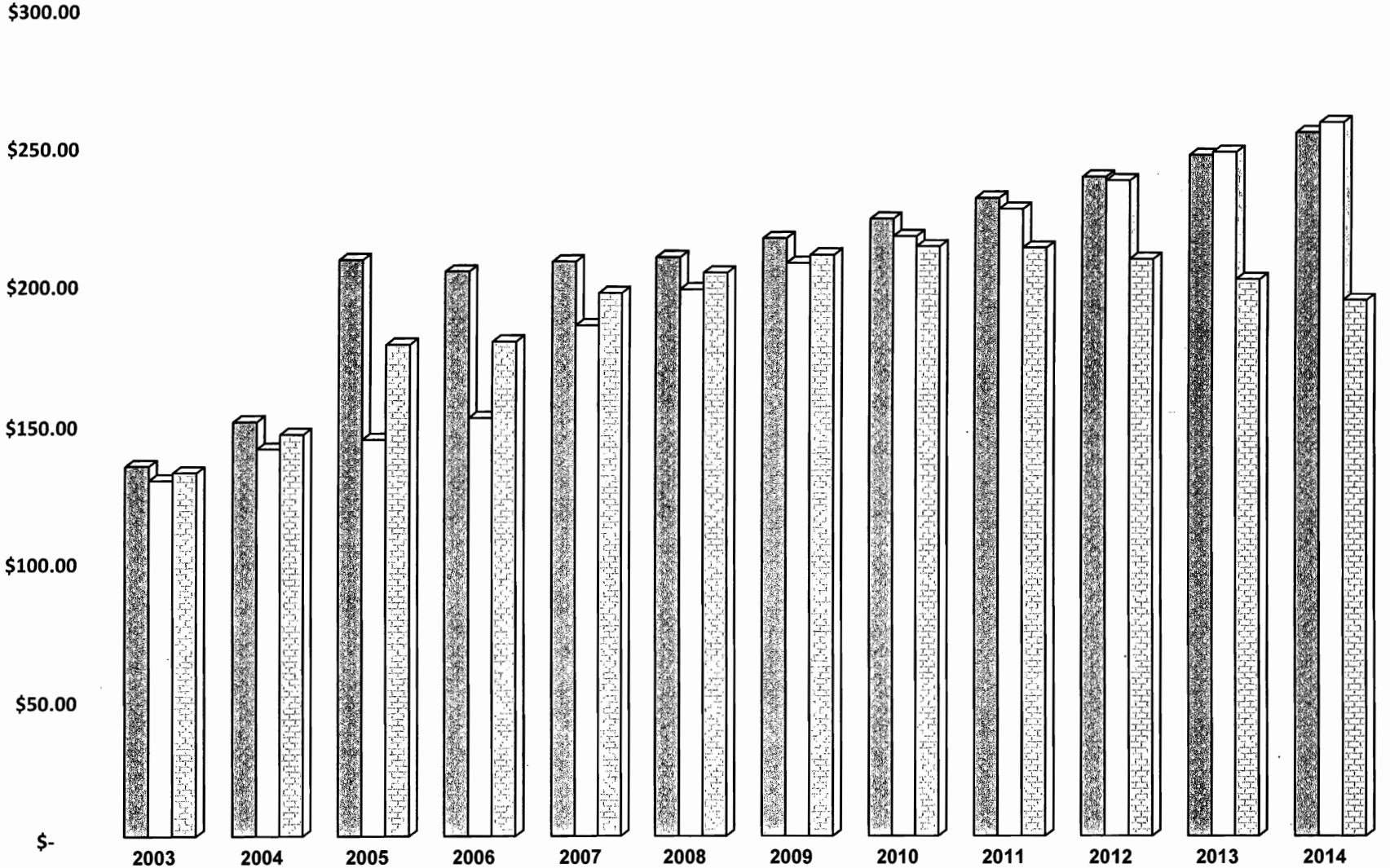
MORICHES

Tax Rates/C	Center		East		Combined	
	Calculated from LEVY and ASSESSED					
1993	$ 76.57		$ 82.19		$ 79.24	
1994	$ 82.73	8.1%	$ 89.59	9.0%	$ 85.99	8.5%
1995	$ 86.73	4.8%	$ 95.90	7.0%	$ 91.06	5.9%
1996	$ 98.02	13.0%	$ 94.55	-1.4%	$ 96.38	5.8%
1997	$ 106.12	8.3%	$ 102.57	8.5%	$ 104.46	8.4%
1998	$ 108.14	1.9%	$ 103.63	1.0%	$ 106.04	1.5%
1999	$ 110.96	2.6%	$ 102.84	-0.8%	$ 107.19	1.1%
2000	$ 114.19	2.9%	$ 113.61	10.5%	$ 113.92	6.3%
2001	$ 117.61	3.0%	$ 115.94	2.1%	$ 116.84	2.6%
2002	$ 123.55	5.0%	$ 122.95	6.0%	$ 123.27	5.5%
2003	$ 134.46	8.8%	$ 129.12	5.0%	$ 132.00	7.1%
2004	$ 150.49	11.9%	$ 140.66	8.9%	$ 145.97	10.6%
2005	$ 208.36	38.5%	$ 144.10	2.4%	$ 177.97	21.9%
2006	$ 204.15	-2.0%	$ 151.96	5.5%	$ 179.06	0.6%
2007	$ 207.79	1.8%	$ 184.84	21.6%	$ 196.47	9.7%
2008	**$ 209.35**	**0.8%**	**$ 197.74**	**7.0%**	**$ 203.77**	**3.7%**
2009	***$ 216.38***	**3.4%**	***$ 207.36***	**4.9%**	***$ 210.28***	**3.2%**
2010	***$ 223.63***	**3.4%**	***$ 217.17***	**4.7%**	***$ 213.34***	**1.5%**
2011	***$ 231.13***	**3.4%**	***$ 227.24***	**4.6%**	***$ 212.94***	**-0.2%**
2012	***$ 238.89***	**3.4%**	***$ 237.52***	**4.5%**	***$ 209.05***	**-1.8%**
2013	***$ 246.90***	**3.4%**	***$ 248.08***	**4.4%**	***$ 201.68***	**-3.5%**
2014	***$ 255.18***	**3.4%**	***$ 258.91***	**4.4%**	***$ 194.26***	**-3.7%**

Equalization Rates	ORPS Values		ORPS Values		ORPS Values	
2003	1.12		1.12		1.12	
2004	1.01		1.01		1.01	
2005	0.84		0.84		0.84	
2006	0.76		0.76		0.76	
2007	0.70		0.70		0.70	
Equalized Full Value	Using ORPS ER's		Using ORPS ER's		Using ORPS ER's	
2003	672,387,321		577,703,482		1,250,090,804	
2004	750,624,653		638,122,277		1,388,746,931	
2005	918,476,071		824,312,738		1,742,788,810	
2006	1,041,762,763		964,772,368		2,006,535,132	
2007	1,150,979,857		1,119,327,429		2,270,307,286	
FULL VALUE TAX RATES PER THOUSAND						
2003	15.06		14.46		14.78	
2004	15.20		14.21		14.74	
2005	17.50		12.10		14.95	
2006	15.52		11.55		13.61	
2007	14.55		12.94		13.75	

Center Moriches - East Moriches
MERGER STUDY

TAX RATES 2003-2008 & PROJECTIONS TO 2014

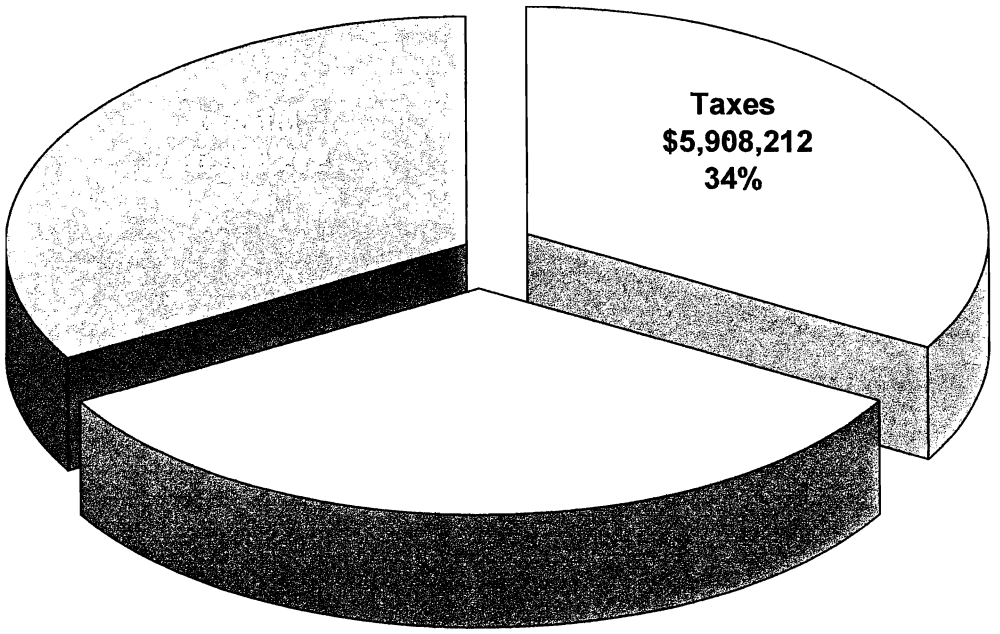


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Center	$134.46	$150.49	$208.36	$204.15	$207.79	$209.35	$216.38	$223.63	$231.13	$238.89	$246.90	$255.18
East	$129.12	$140.66	$144.10	$151.96	$184.84	$197.74	$207.36	$217.17	$227.24	$237.52	$248.08	$258.91
Combined	$132.00	$145.97	$177.97	$179.06	$196.47	$203.77	$210.28	$213.34	$212.94	$209.05	$201.68	$194.26

Final Tax Rate Projections

As noted before, the consultants recommend that 34% of available Incentive Operating Aid be dedicated to tax stabilization in the newly formed district, as per the schedule discussed in a previous section of this report.

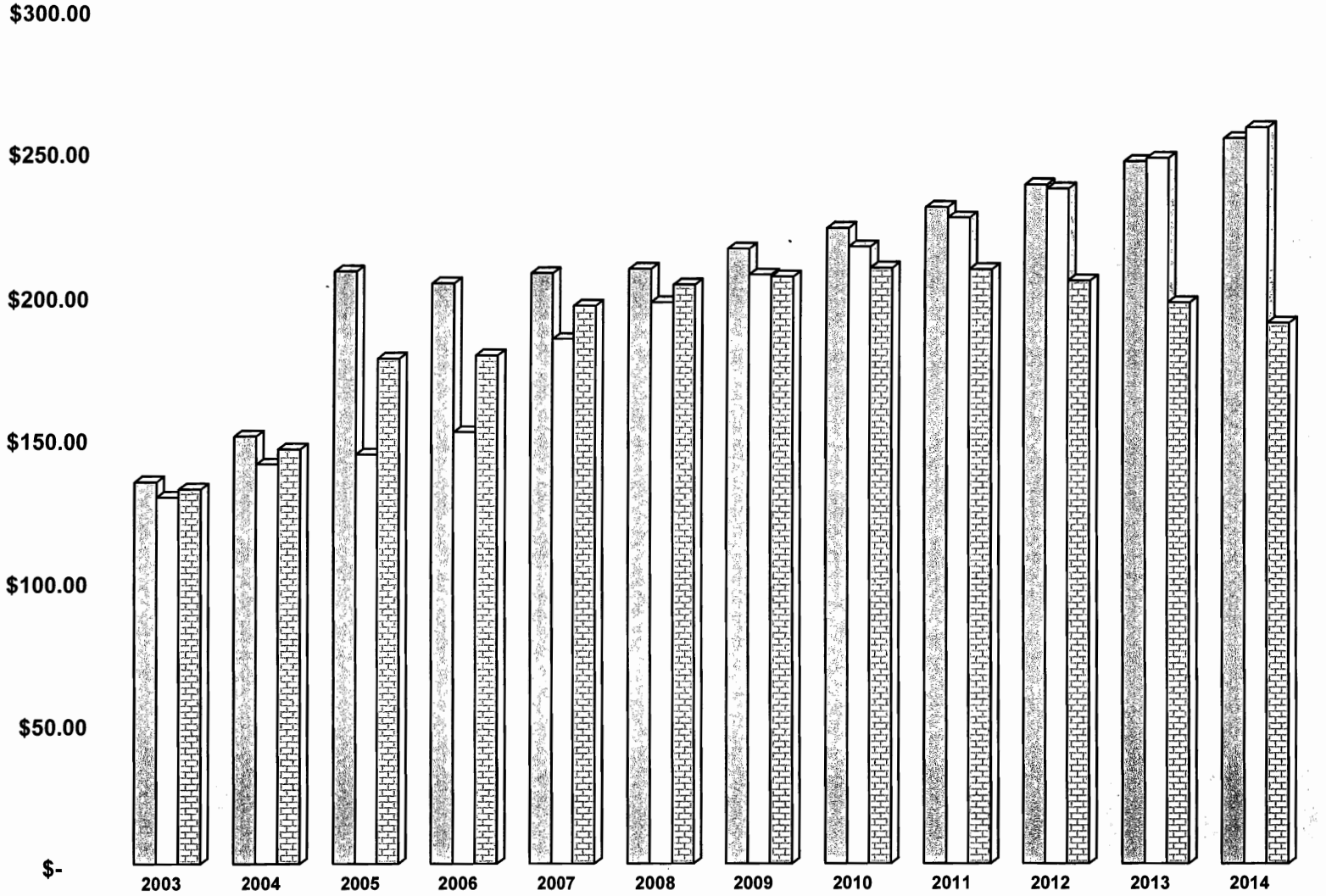
POSSIBLE ALLOCATION OF 14-YEAR OPERATING INCENTIVE AID



Should the board of education of the newly merged school district agree to add 34% of available annual incentive aid as a revenue to stabilize taxes, in addition to the other "economies of scale" projections detailed in this section, the bar graph on the page which follows shows the estimated tax rate that would result.

Center Moriches - East Moriches
MERGER STUDY

TAX RATES 2003-2008 + 1/3 INCENTIVE PROJECTION TO 2014



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Center	$134.46	$150.49	$208.36	$204.15	$207.79	$209.35	$216.38	$223.63	$231.13	$238.89	$246.90	$255.18
East	$129.12	$140.66	$144.10	$151.96	$184.84	$197.74	$207.36	$217.17	$227.24	$237.52	$248.08	$258.91
Combined ~ 1/3 Incentive	$132.00	$145.97	$177.97	$179.06	$196.47	$203.77	$206.68	$209.81	$209.37	$205.45	$198.03	$190.94

CMA
Capital Markets Advisors, LLC

Recommendations for the Use of Incentive Operating Aid

With nearly 18 million dollars in Incentive Operating Aid available to Center Moriches and East Moriches under current New York State school reorganization procedures, it is important that great care be taken locally to spend this sum wisely, should an consolidation occur. The recommendation of the consultants to the Feasibility Study Committee is expressed below:

1. It is the consultants' belief that some these funds should be used to protect current educational programs and, especially, to enhance needed programs in the newly reorganized district.
2. Secondly, the consultants have shared with the committee a number of scenarios and recommend some important taxpayer relief as a result of the infusion of this additional revenue. This infusion of aid will only modestly reduce school taxes, being best described as "tax stabilization".
3. Also, the additional revenue provides a unique opportunity to fund the local share of approved capital building projects and improvements.
4. Most importantly, this incentive money has the potential, if proper planning takes place, to insure that the new district has a more secure financial base for the years ahead.

The recommendations presented below were formed with the understanding that projecting budgets and revenues far into the future is at best an uncertain science. The longer one extends the projections, the less reliable they become.

Recommendations

It is the consultants' strong recommendation that the board of education of the newly reorganized district must act wisely with the issue before them and use this sum of incentive operating aid in accordance with the following recommendations:

1. **34%** of the available Incentive Aid should be used in each year to help **offset to a degree the locally escalating tax rate**. The amount of money that this represents and the projected tax rates in the newly formed district are displayed the previous *Financial* section of this report.

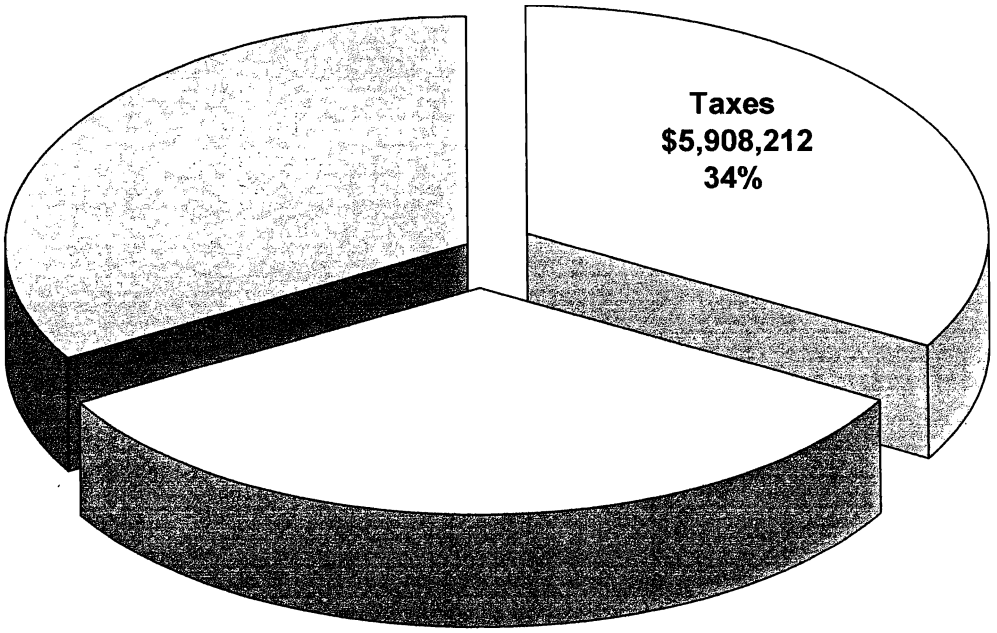
2. **33%** of the Incentive Operating Aid available should be used to directly **enhance instructional programs** within the district, to carry out necessary employee contract leveling up, and to provide resources for the upgrading of educational equipment and supplies that would normally not be funded through the regular operating budget.

3. The balance of the Incentive Operating Aid not required in the above recommendations (**33%**) should be placed in **a series of reserve funds** to help ensure that the district has a secure financial base for the years ahead, especially those years after the incentive operating aid formula ends and exhausts additional resources to the new district. The district should work closely with its auditors and other financial consultants to appropriately place these funds in areas such as, especially, a capital reserve fund, a tax stabilization reserve fund, a tax certiorari reserve fund, and other reserve devices available to school districts as advised by professional auditors. Ideally, wise use of these funds holds the potential to protect against escalating fixed costs such as health insurance, tax certiorari, and retirement system contributions, and to maintain or initiate valuable and necessary student instructional programs, or to pay the local portion of any new capital work which would be required in the newly

combined district. Such use would forestall dramatic and damaging spikes in future tax rates. It is recommended that this large amount of money can best be used to keep any future tax increases at a reasonable level while ensuring the best possible student programming.

4. The pie chart that follows again describes this recommended distribution.

POSSIBLE ALLOCATION OF 14-YEAR OPERATING INCENTIVE AID



Final Feasibility Study Committee Recommendation

"Should the Boards of Education of Center Moriches UFSD and East Moriches UFSD engage the two communities through the process of public information meetings and a straw vote to determine support for a reorganization of the two school districts?."

Posed to the Feasibility Study Committee
November 14, 2007

At the conclusion of the study the consultants divided the Feasibility Study Committee into two sub committees; one representing East Moriches members and one representing Center Moriches. Since the Commissioner of Education requires that evidence of community support be available before a binding vote on consolidation would be considered, and since a straw vote is the recommended method to demonstrate community support, the consultants posed the above question to the two sub committees to deliberate. If the either or both sub committees believed that insufficient evidence existed to engage the public at large on the issue of consolidation, they were instructed that they should make that recommendation to their respective board of education. If, however, they believed that there was sufficient evidence to go forward with the general public in the two districts, then they should make that recommendation.

The results of those sub committee deliberations were as follows:

Center Moriches committee members unanimously recommended that the board engage its public via a public information campaign and a straw vote.

East Moriches committee members voted, with three dissenting votes, that their board should engage its public via a public information campaign and a straw vote.

Both sub committees offered that a significant amount of work would be required by the districts to effectively communicate the large body of data studied by the committee to the public at large, and, therefore, that a straw vote should not be held prior to May 2008.

Central Question

Would Instructional Opportunity Be Enhanced For All Students
At a Similar or Reduced Cost to Taxpayers by Combining the Two Districts?

Consultants' Final Recommendation on the Consolidation Of Center Moriches UFSD and East Moriches UFSD

As consultants we see several clear benefits which could be attained through combining of the two districts. The combined impact of tax savings plus instructional enhancement is hard to overlook. First and foremost, the instructional programs currently in place in the two fine school districts, but under threat due to rising costs, escalating tax rates, and state resources which typically fall below rising operating costs can be maintained and even expanded due to the additional resources that would follow the consolidation. Attractive too is the potential to stabilize tax rates now and in the future by wise use of Incentive Operating Aid offered to merged districts. Economies of scale produced by the combining of the two student bodies produce some impressive savings, while the elimination of costly tuitioning of students is an attractive inducement for consolidation. Also, the infusion of Building Incentive Aid to pay a significantly increased share of expensive capital projects, backed by Incentive Operating Aid to pay any remaining local share, would mean that local residents could provide high quality facilities to meet the needs of 21st Century educational requirements without further burdening local taxpayers. Several millions of local dollars would be saved.

Yet, we have reservations about recommending at this time that the two districts are ripe for a successful merger. Too much remains unknown about the fiscal condition of the districts, especially East Moriches.

The Feasibility Study Committee, sensing that the public information phase leading up to a straw vote would represent a significant undertaking for the districts, wisely recommended that the two boards wait until at least May 2008 before holding such an advisory referendum. We agree that it is wise to go slowly. In fact we believe that the districts must hold off on any decision until more fiscal information becomes available.

We recommend that no straw vote be scheduled until after October 2008 in order for the next round of audit reports on each district's fiscal health be available for public scrutiny, and certain instructional data to become available to the districts. While each district has had rough financial times over the past decade, it appears to the

consultants that Center Moriches dealt with their own fiscal deficiencies in 2004-2005 and is now on relatively solid financial footing as a result.

In East Moriches, under pressure from the NYS Comptroller's Office and the NYS Education Department (see appendix for these documents) as well as local taxpayers, the board of education borrowed heavily and cut expenses in 2006-07 to eliminate a district deficit of over $3,000,000. It is our hope that the East Moriches district has now turned the fiscal corner and will continue to employ budgeting and spending practices which indicate good financial stewardship. In short, the one year change seen in 2006-07 is encouraging.

Yet, we remain very cautious in our recommendation since all realize that one year does not insure that a new trend is in place. For that reason we offer the following set of questions for residents of the two districts, as well as both boards of education, to contemplate before deciding if consolidation of the two districts is truly in the best interest of all and if both parties make worthy merger partners.

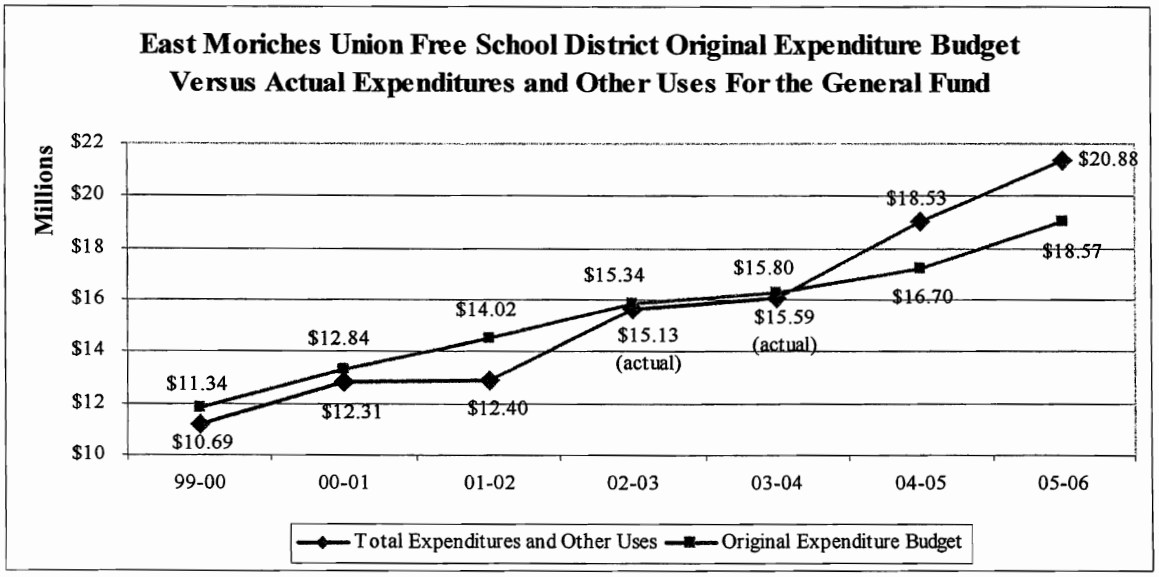
It is our hope that the questions listed below will help individuals determine whether or not the risks inherent in the consolidation are worth the rewards. For East Moriches, those risks mean a loss of the choice of high school programs which residents have enjoyed over the years without any guarantee that a new district's high school will meet their needs as effectively. The rewards for that community include fiscal stability, reduced tax rates, and the potential enhancement of its K-8 program. Center Moriches must decide if it wants to merge with a district that has incurred serious financial difficulty in the recent past and then must calculate how many of those fiscal issues remain to become the responsibility of the newly formed district. Center Moriches, on the other hand, may reap the rewards of a merger that include fiscal stability in the form of economies of scale and reduced tax rates, and a potential for expansion of both middle and high school academic programming.

It is with these risks and rewards in mind that we ask the boards of education of Center Moriches UFSD and East Moriches UFSD to weigh the following questions before determining whether to go forward with a consolidation of the two districts.

1. Is 2007-2008 school district spending in excess of the total authorized by voters in East Moriches?

Section 1718(1) of the Education Law expressly states that "no school board shall incur a district liability in excess of the amount appropriated by a district meeting {vote} unless the board is expressly authorized to incur such a liability."

Yet, for several years, East Moriches' spending has exceeded the total authorized by its voters. As the NY State Education Department chart below indicates, the East Moriches district has routinely spent in excess of what the district's taxpayers have approved. The line segmented by diamond shapes show what the district spent each year while the line segmented by square shapes show the spending total approved by the district's voters. Again, from the SED report:



In fact, in 2006-07, despite being under scrutiny by both the New York State Comptroller and by the State Education Department for its previously documented lack of fiscal stewardship, the East Moriches district still exceeded its contingency budget cap by some $230,000, a violation as outlined in Ed Law 2023.

A true indication of the district's success or failure to place an accurate budget before its voters last May 2007 will be indicated in the in the auditor's report available in October of 2008.

2. Does the 2007-2008 budget contain sufficient funds to fully cover all tuition costs for the school year, including those tuition costs for students with disabilities?

A significant portion of the East Moriches historical deficit spending can be traced to high school tuition costs experienced by the district and the failure to budget accurately for those costs. From the Comptroller's letter of April, 2007 (see appendix for full text):

> *In addition, we noted that the district's budgeted tuition expenditures for the 2006-07 fiscal year are $5,962,600. District officials (now) project the total expenditures to be $6,735,637 for the 2006-07 fiscal year, approximately $773,037 over-budget.*

The auditor's report in October of 2008 will determine whether the East Moriches district continued to repeat past budgeting mistakes in 2007-08 or has in fact developed a plan which accurately reflects the costs associated with tuitioning its high school students.

3. Has the Assessed Value in East Moriches or Center Moriches changed significantly in either direction?

A district's capacity to raise funds for school district programming is tied directly to property values within the district. If spending rises faster than the capacity to raise funds, tax rates increase. In Center Moriches, property values have been relatively flat for the past 5 years, ranging from a high yearly increase in value of +2.6% to a low (2007) of +0.3%. In East Moriches the story had been more positive until 2007-08. In the years 2004-05 through 2006-07, property values in East Moriches averaged a very healthy +6.7% increase. In 2007-08, assessments in the

East Moriches district actually dropped approximately 1.0% in addition to the loss of assessed value attributable to an assessor's error the previous year. It will be an important consideration to know if this drop in assessments in East Moriches is a one year anomaly or a portent of thing to come.

Assessed values in the two districts may be compared to the previous year when the Town of Brookhaven's assessor's office releases the data in late spring or early summer.

4. Have standardized test scores among East Moriches students continued a downward trend in 2007-08?

In 2006-07, the East Moriches district was forced to deal with its fiscal plight not only in the form of dramatically increased taxes but, perhaps more importantly, with a significant decrease in staffing at the elementary and middle levels. In that year's (06-07) contingency budget, eleven (11) teachers out of a district staff of 70 were cut and thirteen (13) non-instructional positions out of approximately 50 positions were eliminated. In addition, a building principal was eliminated with those duties being passed on to the superintendent, and athletics (funded through local fund-raising), field trips, and student activities were eliminated from the budget process.

Perhaps by coincidence or, more worrisome, through cause and effect, many standardized test score results in East Moriches are showing a downward trend. The district was able to add four teaching positions and one aide position back into the 2007-08 budget passed by district voters in May 2007. However, to fully fund all personnel cut in 2006-07, including the instructional leader of the elementary school, the building principal, would require an additional investment of nearly $1,000,000.

The East Moriches district, evidenced in the superintendent's presentation on instructional programs to the Feasibility Study Committee on September 18, 2007, maintains that it has learned to "do more with

less" and that instruction has not suffered as a result of these cuts in staffing.

Admittedly, one year does not make a trend. It would be wise for interested parties in each district pay close attention to the direction these standardized scores take as the school's report card is issued by the Commissioner for 2007-08. If the staffing "hole" ultimately needs to be filled to reverse the direction of the test sores, in a merged district the monies must come either by increasing the tax rate or by tapping into operating incentive aid monies which were recommended to be used to expand high school offerings.

5. Is East Moriches' fund balance on June 30, 2008 sufficient to offset "one-shot" revenues used to balance the 2007-2008 budget?

On June 30, 2007, the East Moriches district's auditor reported that the district had an excess of revenues over spending for the previous year of $1,297,179 which when added to the $2,000,000 the district bonded for, eliminated its previous deficit of $3,214,468 with $82,711 remaining in fund balance. This is certainly positive news for the district and its taxpayers. However, the consultants recognize that one year does not insure a trend.

The 2007-08 budget approved by the voters in East Moriches in May contained several revenue items used to balance the current year's budget which might be considered "one shot" revenues, in that they are unlikely to be a recurring source of funding for the district as the 2008-09 budget is prepared. Among those items are included a half million dollars transferred from East Moriches' debt service fund and another quarter of a million dollars in legislative "bullet aid".

In the 2008-09 budget development these monies would hopefully be replaced by the East Moriches fund balance as of June 30, 2008. If that

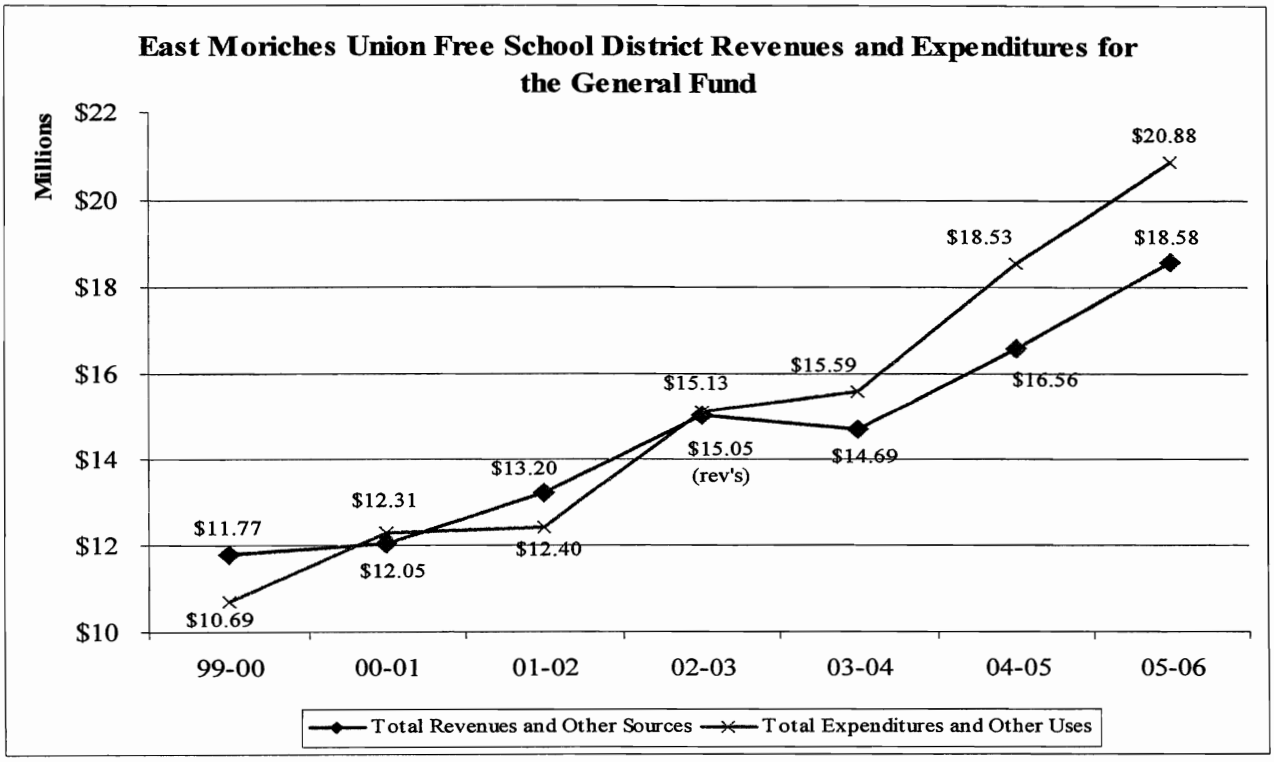
fund balance is insufficient, the shortfall would have to be made up through higher taxes.

The district's auditors report will detail the district's June 30, 2008 fund balance and will be available in October 2008.

6. Has 2007-2008 spending in East Moriches exceeded 2007-2008 revenues, again placing the district in a deficit mode?

As mentioned above #5 above, the East Moriches district's revenues in 2006-07 exceeded its expenditures, allowing for a very modest fund balance after paying off previous deficit-produced debt. That represents a good sign. However, again, one year does not make a trend.

The graph below, provided by the State Education Department, shows that the district's prior recent history has been one in which the opposite was true…the district spent more than it took in. The line segmented by diamond shapes shows the amount of revenue received by the district, while the line segmented by "x" shapes shows what the board of education actually spent. Prior to the 2006-07 turnaround, the district spent within its means only twice in the last seven years. Such lack of fiscal stewardship calls into question the advisability of taking on such a district as a consolidation partner.



The auditor's report on 2007-08 spending, available in October 2008, will answer this question.

If these questions can be answered favorably by the parties after the requisite information becomes available by the end of October 2008 there is much potential for a positive outcome of a consolidation of Center Moriches and East Moriches.

If, however, these issues remain troublesome, we recommend that all parties involved proceed very cautiously, if at all, with consolidation processes.

Study Consultants' Final Comments

It has been a pleasure working with the many fine individuals in both school districts and communities. We know that a report such as this cannot possibly answer all questions a reader may have. While it is intended to be all inclusive, we urge citizens from both communities to attend public information meetings and speak directly with members of their respective Boards of Education and members of the Feasibility Study Committee.

The final decision as to how best to configure the two districts – to come together or to remain apart – is an important one that has far reaching consequences. If the two elected Boards of Education follow the recommendation of the Feasibility Study Committee and decide that the reorganization of Center Moriches and East Moriches is worthy of going forward to a vote, that decision should and will be made solely by informed residents whose lives are directly effected by the decision. Consultants can guide but not decide.

As consultants we see several benefits which could be attained through combining of the two districts. First and foremost, the instructional programs currently in place in the two fine school districts, but under threat due to rising costs, escalating tax rates, and state resources which typically fall below rising operating costs can be maintained and even expanded due to the additional resources that would follow the consolidation. Attractive too is the potential to stabilize tax rates now and in the future by wise use of Incentive Operating Aid offered to merged districts. Economies of scale produced by the combining of the two student bodies produce some impressive savings, while the elimination of costly tuitioning of students is an attractive inducement for consolidation. The infusion of Building Incentive Aid to pay a significantly increased share of expensive capital projects such as those identified by the Feasibility Study Committee, backed by Incentive Operating Aid to pay any remaining local share, would mean that local residents could provide high quality facilities to meet the needs of 21st Century

educational requirements without further burdening local taxpayers. Several millions of local dollars would be saved.

What is missing from this list and from studies such as this is an accurate measure of the loss of local traditions and customs which accompany all district mergers to some degree. The study process has been helped immensely by the thoughtful and comprehensive work of the Feasibility Study Committee. The spirit of cooperation and interest exhibited by these citizens of the two communities set the tone for others to follow.

Yet questions will remain. How important are school traditions some of which are sure to end if a new school district replaces the two former districts? What about school colors, school mascots, and the school district's name? Do lower taxes and upgraded facilities fully offset sending one's child to a new setting on a different bus route? Will residents who have historically enjoyed a choice of high schools be satisfied with one high school? The consultants believe the positives outweigh the negatives, but it is not for us to decide. Other school districts around the state which have reorganized have found answers to these questions, but what is important here are the answers that Center Moriches and East Moriches develop for these questions and others.

School districts that have been the most successful following a reorganization have given great thought to those and other "immeasurable" but quality-of-life questions which are sure to bring about changes in the lives of resident children and taxpayers. If the residents of these two proud districts decide that this process is to move forward, first through a straw vote and later through a binding vote, we urge that the two boards of education consider setting up a series of ***Transition Committees***, made up of local employees, parents, residents, administrators, and, where appropriate, students, to facilitate the smoothest transition possible from two districts to one. While ***Transition Committees*** for such areas as course offerings, student housing short- and long-range, athletics, and classroom usage are important, we believe that a Transition Committee to deal with "Traditions" should be one of the first to be chartered. Finding acceptable alternatives to important local school traditions can be key as to whether a reorganization will be ultimately judged as successful.

Finally, should the two boards of education agree to go forward with these committees, we suggest that they do everything possible to tap into the significant expertise gained by members of the Feasibility Study Committee representing both communities through this study process. We believe that many of these fine community volunteers would be willing to continue to offer guidance and local knowledge to this transition process. They have a great deal to contribute.

We wish both communities much success and we know that the final decision that is reached will be in the best interest of the children and their futures.

Appendix

May 2007 State Education Department Audit Review of East Moriches

April 2007 NYS Comptroller letter to East Moriches re $2 million borrowing

Local Newspaper Articles regarding the Feasibility Study
Schedule of Study Sessions

Summary Chart of Costs/Savings

THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

James A. Conway
Director
Office of Audit Services
Tel. (518) 473-4516
Fax (518) 473-0259
E-mail: jconway@mail.nysed.gov

May 1, 2007

Dr. Charles Russo
Superintendent
East Moriches UFSD
9 Adelaide Avenue
East Moriches, NY 11940

Dear Dr. Russo:

The Office of Audit Services reviews and processes district financial statements and federal Single Audit reports. The information is reviewed to assess a district's fiscal condition, evaluate the quality of the financial statements and Single Audit reports, and identify issues that require management's attention. The review of your District's financial statements for the year ended June 30, 2006 indicates that they generally comply with the format and content found in the document ***"Reference Manual for Audits of Financial Statements of New York State School Districts"*** issued by the New York State Education Department (available at http://www.emsc.nysed.gov/mgtserv/EducMgmt/ReferenceManual/2006/2006auditreferencemanual.htm).

Attachment A provides a summary of the results of our review and identifies the District as showing signs of fiscal stress. Attachment B includes graphs showing some key financial data. Attachment C explains factors that affect fiscal condition.

Please provide a written response to this office within 30 days of the date of this letter that addresses items 1-3, 9, 10, 11a, and 11b noted in Attachment A. The items identified in Attachment A, in all likelihood, do not require a change to the financial statements for 2005-06, but the items should be considered when preparing the 2006-07 financial statements. If you require further clarification, please contact John Cushin at (518) 473-4516, (518) 474-5928, or jcushin@mail.nysed.gov. Thank you for your cooperation.

Sincerely,

James A. Conway

Attachments
cc: Charles Szuberla
Dr. George Chesterton, Business Consultant
Dr. Stephen A. Curtis, Board President
Edward J. Zero, District Superintendent, Eastern Suffolk BOCES
Coughlin, Foundotos, Cullen & Danowski, LLP

Review of Annual Financial Statements for **East Moriches Union Free School District** for the year ending **June 30, 2006** **Attachment A**

Item #	Criteria	Issue	Action Required
1.	Fiscal Condition – Stress Our assessment of the District's fiscal condition is primarily based on information presented in the financial statements for the general fund using the factors detailed in Attachment C that affect fiscal condition; however, these factors are not all inclusive. Our assessment does not reflect the effects of any existing or potential changes in local and national political climate, tax base, enrollment, population, local and national economy, level of debt, collectively bargained contracts, unfunded other post employments benefits, etc., that may impact the District's fiscal condition. The District must also take these factors into account when developing long-range fiscal plans.	In a letter dated April 6, 2006, the Department noted for the 2004-05 year that indicators of fiscal stress related to the general fund included a negative total fund balance of $389,114, which had steadily declined from $1,992,792 three years prior; a negative unreserved, undesignated fund balance of $389,114, down from a positive $302,516 two years prior; three consecutive years of increasing operating deficits, with a net three-year deficit of $2,949,587; and a current ratio that was only 0.95 to 1, which had also been well below the 2 to 1 standard in the prior five years. The Department requested that the District submit a copy of the District's plan to improve its fiscal condition and the District's efforts to date. The plan was supposed to include an estimate of the District's total fund balance as of June 30, 2006, along with an estimate of when the total fund balance deficit would be eliminated, and when there would be sufficient fund balance so that reservations or designations of fund balance would not result in a negative unreserved, undesignated fund balance. In correspondence from the District dated May 1, 2006, the District stated that it had applied for deficit financing to liquidate the general fund's deficit fund balance and anticipated the fund balance in the general fund would be negative $600,000 by the end of the 2005-06 school year. Our analysis of data in the 2005-06 financial statements for the general fund shows that the District continues to experience fiscal stress. Attachment B includes graphs showing some key financial data. Indicators of fiscal stress related to the general fund include:	Please **submit** an updated copy of the District's plan to improve its fiscal condition and the District's efforts to date.

Item #	Criteria	Issue	Action Required
		• a negative total fund balance (deficit) of $3,214,468, which was more than six times the projected deficit; • four consecutive years of significant operating deficits totaling $5,252,967; • a negative unreserved, undesignated fund balance (deficit) of $3,214,468, down from a positive balance four years prior of $1,922,792; and • a current ratio that has steadily decline for the last six years, a current ratio of 1.38 to 1 in the latest year, which is well below the standard of 2 to 1, and a current ratio that has been below the standard for the last seven years. The negative fund balance does not provide the District with the necessary flexibility to address revenue shortfalls or unanticipated expenses. As a result, the District needs to: • develop and implement a balanced budget; • establish budgetary controls to prevent future operating deficits; • carefully monitor revenues and expenditures; and • increase its fund balances and improve its liquidity while at the same time establishing necessary reserves.	

Item #	Criteria	Issue	Action Required
		In addition, the District needs to prepare an updated plan with specific steps to address the negative total and unreserved, undesignated fund balance. The plan, which should be updated at least quarterly, should include: • estimated revenues and expenses (using the same categories as shown on the financial statements) for each year the District expects to have a negative total and unreserved, undesignated fund balance; • a narrative explaining the key assumptions and strategies to address the District's fiscal condition, and; • the date the District expects to have a positive fund balance, as well as, sufficient fund balance so that any reservations or designations of fund balance will not result in a negative unreserved, undesignated fund balance.	
2.	Independent Auditors' Report – Qualified Opinion Supporting documentation must be maintained that supports the carrying value of capital assets. In addition, supporting documentation must be maintained that supports the amount reported for compensated absences payable and the amount expended.	The District did not have sufficient supporting documentation and the independent auditor was not able to verify the information by other auditing procedures As a result, a qualified opinion was issued on the financial statements.	Please **explain** what steps have/will be taken to ensure that sufficient supporting documentation will be maintained.
3.	Follow-Up Actions Taken on Management Letter Issues	In the independent auditor's letter to District management, several issues were raised that likely required action by the District.	Please **explain** what actions were taken for each issue raised in the independent auditor's

Item #	Criteria	Issue	Action Required
			management letter.
4.	MD&A (pages 3-10) – Insufficient Analysis of the Overall Position and Results of Operations Paragraph 11c of the Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB-34) states that the MD&A should provide analysis of the district's fiscal performance for the year and its fiscal position at year-end. The Reference Manual in the section Financial Analysis of the District as a Whole, there is sample wording and exhibits	The District did not provide analysis of the decrease of $2,892,012 in net assets.	Please ensure, in the future, that there is sufficient analysis of the overall position and results of operations.
5.	MD&A (pages 3-10) – Insufficient Analysis of Balances and Transactions of Individual Funds Paragraph 11d of GASB-34 says that the analysis of balances and transactions of individual funds should, "… address the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use." The Reference Manual provides guidance on how to address this requirement in the section titled "Financial Analysis of the School District's Funds."	Reasons for significant changes in balances of individual funds were not provided.	Please ensure, in the future, that there is sufficient analysis of balances and transactions of individual funds.
6.	MD&A (pages 3-10) – Insufficient Analysis of Significant Variations Between Original and Final Budget and Between Final Budget and Actual Budget Results	An analysis of significant variations between budget and actual was not included.	Please ensure, in the future, that sufficient analysis of significant variations between original and final

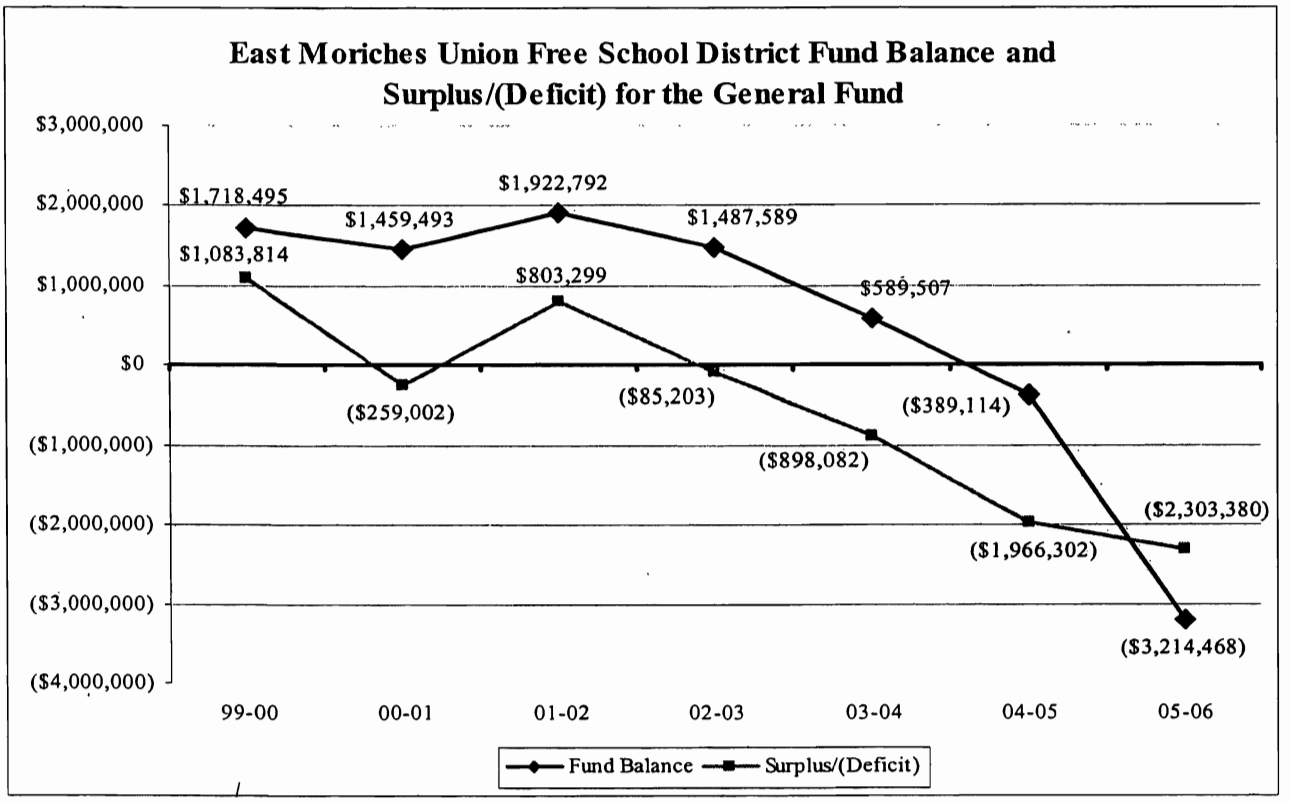
Item #	Criteria	Issue	Action Required
	Paragraph 11e of GASB-34 requires an analysis of significant variations between original and final budget and between final budget and actual budget results, along with disclosures of any currently known reason for variations that are expected to have a significant effect on future services or liquidity. The Reference Manual includes sample wording under the section "General Fund Budgetary Highlights."		budget and between final budget and actual budget results.
7.	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (page 34) – Actual Expenditures and Year-End Encumbrances Exceeded Available Appropriations Education Law Section 1704 and Commissioner's Regulations Sections 170.1(f) and 170.2(k) specifically prohibit a board from authorizing or permitting expenditures to be made which exceed appropriations or available funds. When expenditures plus year-end encumbrances exceed available appropriations, it may be a result of inadequate controls over spending and can contribute to both expenditure/revenue deficits and fund deficits. When unencumbered appropriations are insufficient, transfers providing sufficient appropriations should be made in accordance with Section 170.2(1) of the Commissioner's Regulations.	Of the 11 general fund expenditure categories, there were eight categories where actual expenditures and year-end encumbrances exceeded available appropriations (final budget). In addition, total actual expenditures plus year-end encumbrances exceeded the final budget by $2,316,027.	Please ensure, in the future, that actual expenditures plus encumbrances in the general fund do not exceed final budgeted amounts.
8.	Schedule of Project Expenditures (page 36) – Project Titles Not Descriptive Projects should be listed individually with descriptive	The projects "bond issue" and "building projects" shown on the schedule do not provide the reader with a good understanding of the District's capital projects.	Please ensure in the future to provide details on the schedule for each individual

Item #	Criteria	Issue	Action Required
	titles.		capital project.
9.	Note on Interfund Transactions (page 29) – Insufficient Disclosure Section 2300.120 of GASB-34 states that notes to the financial statements should disclose the purpose for interfund balances. There are instances when there are significant receivable balances in the debt service or capital funds and it is unclear if the amount represents loans to other funds or amounts collected by other funds for the purposes of retiring debt or for capital assets. Funds in the debt service or capital fund should only be used to retire debt and/or acquiring capital assets.	There is no explanation for the $255,446 due from the general to the capital projects fund.	Please **explain** the purposes of the interfund receivable, and ensure that this information is provided in the future.
10.	Inconsistency Between ST-3 Statement G1 (Analysis of Fund Balance of Capital Funds) and the Financial Statements	The ST-3 shows two prior period adjustments; a residual equity transfer of $156,099 and capital outlay of $528,728. This is inconsistent with the information provided in the financial statements. On page 32, it states that the prior period adjustment of $156,099 is due to "expenditures charged to capital projects fund in error." On page 36, the schedule shows that $528,727 is the amount of the current year's capital outlay expenditures.	Please **explain** the discrepancies.
11.	Extraclassroom Activity Funds Commissioner's Regulations Section 172.1 states an organization within a district whose activities are conducted by students and whose financial support is raised other than by taxation or through charges of the board shall be known as an extraclassroom activity and	The review of the extraclassroom activity audit report disclosed the following: a. Qualified opinion on extraclassroom activity fund audit report The auditors issued a qualified opinion for the	a. Please **explain** what steps have/will be taken to ensure that

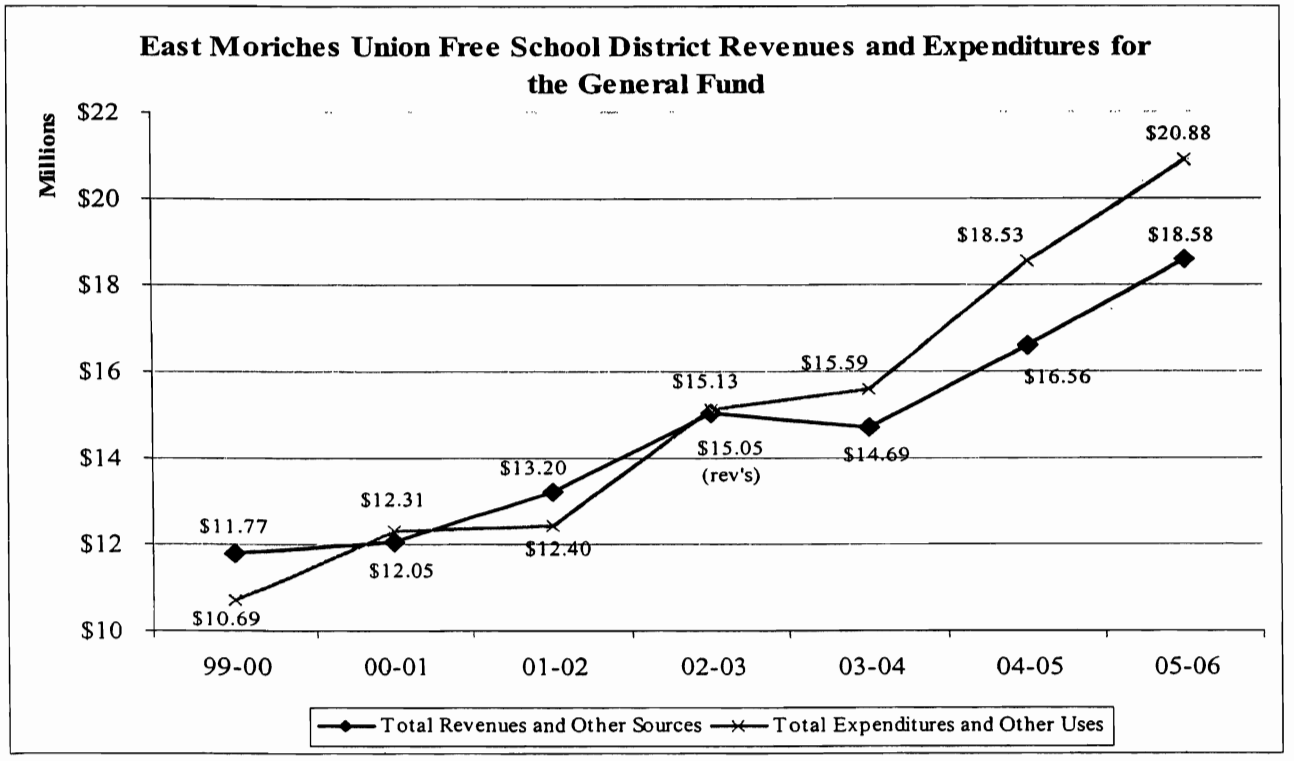
Item #	Criteria	Issue	Action Required
	the monies received by it as extraclassroom activity funds. Only funds involved with a board-recognized student organization are to be included in the extraclassroom activity fund. A bona fide student organization is one consisting of student members, a student president, a student treasurer, and a faculty advisor. The board is required by Section 172.3 to make rules and regulations for the establishment, conduct, operation, and maintenance of extraclassroom activities and for the safeguarding, accounting, and auditing of all monies received. According to the "Safeguarding, Accounting, and Auditing of Extraclassroom - Finance Pamphlet 2" (Pamphlet), the board should adopt a policy relating to the closing out of inactive extraclassroom activities accounts. The accounts are usually inactive due to lack of student interest or because a graduating class leaves an unused balance.	extraclassroom activity funds due to insufficient records. b. Inactive extraclassroom activities There were two extraclassroom activities (Shop and Student Council) that did not appear to be operating during the past year, as there were no cash receipts or disbursements. The leftover funds in these extraclassroom activities should be transferred to other active extraclassroom activity accounts as designated by board policy. In addition, the Classes of 2003, 2004, and 2005 extraclassroom activities should have been closed at the end of their respective school years since the students operating the extraclassroom activity would no longer be part of the student body.	sufficient accounting controls are established. b. Please **explain** what steps have/will be taken to close inactive extraclassroom activities and to ensure that, in the future, leftover funds in inactive extraclassroom activities are transferred to other active extraclassroom activity accounts as designated by board policy.

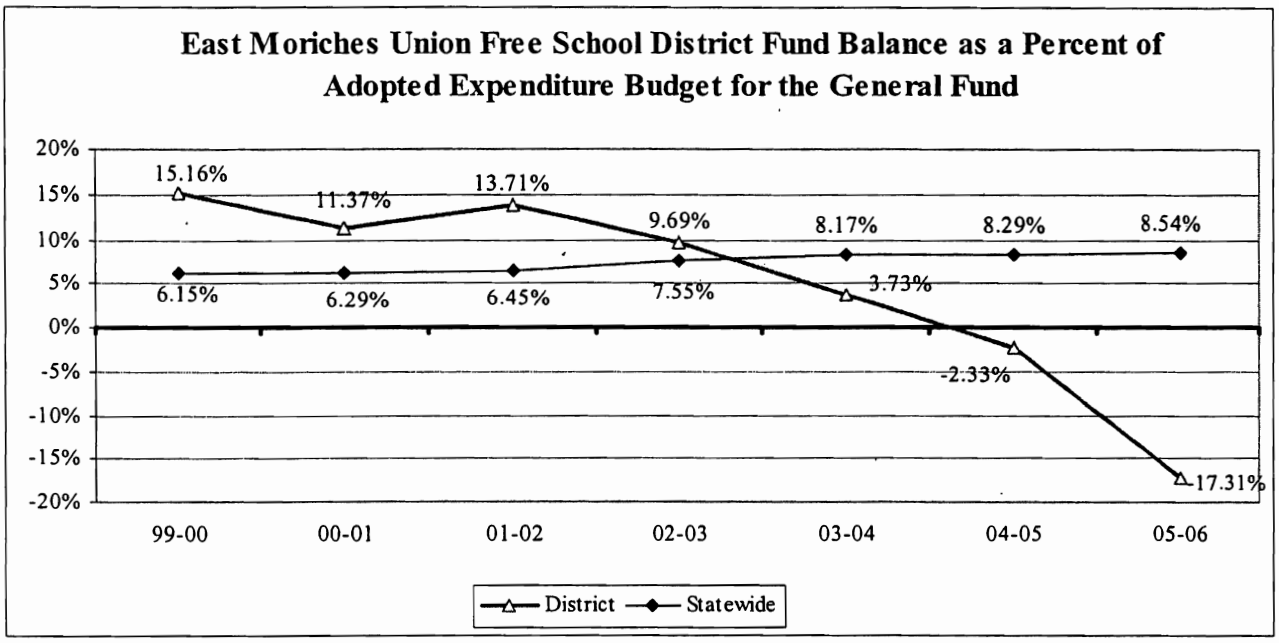
Address for Response:

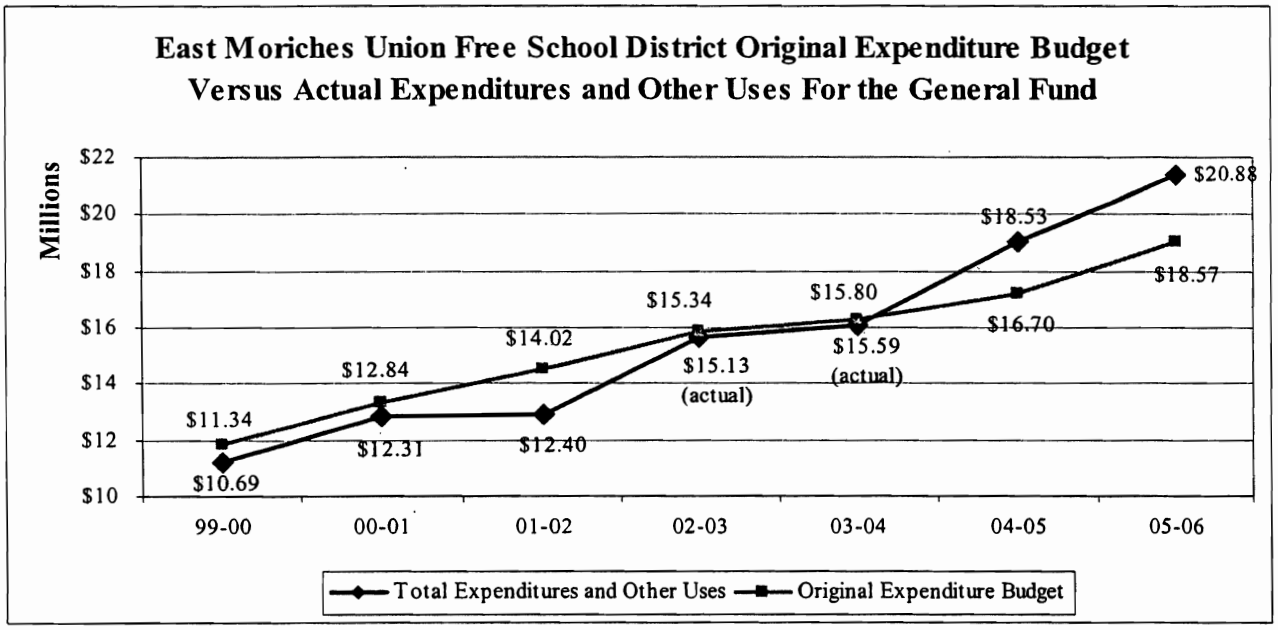
New York State Education Department
Office of Audit Services, Room 524 EB
89 Washington Avenue
Albany, New York 12234

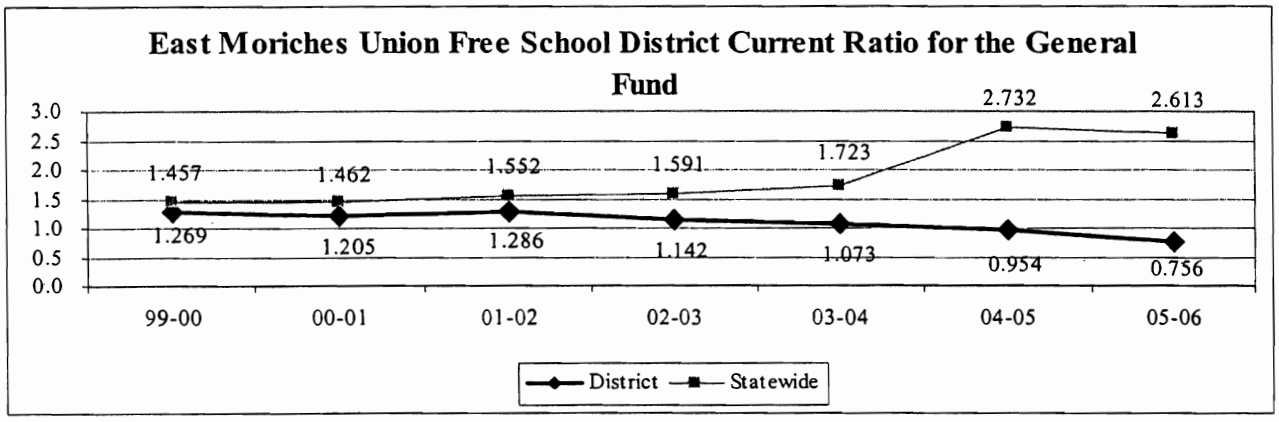


Note: Fund balance was decreased by $340,000 in 01-02 due to other changes to fund balance/prior period adjustment; decreased an additional $350,000 in 02-03 due to other changes to fund balance; increased by $987,680 in 04-05 due to other changes to fund balance; and decreased an additional $521,974 in 05-06 due to a prior period adjustment.




East Moriches Union Free School District Fund Balance as a Percent of Adopted Expenditure Budget for the General Fund
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
15.16%
11.37%
13.71%
9.69%
8.17%
8.29%
8.54%
6.15%
6.29%
6.45%
7.55%
3.73%
-2.33%
-17.31%
99-00
00-01
01-02
02-03
03-04
04-05
05-06
District
Statewide


East Moriches Union Free School District Original Expenditure Budget Versus Actual Expenditures and Other Uses For the General Fund
Millions
$22
$20
$18
$16
$14
$12
$10
$20.88
$18.53
$18.57
$15.34
$15.80
$14.02
$16.70
$12.84
$15.13
(actual)
$15.59
(actual)
$11.34
$12.31
$12.40
$10.69
99-00
00-01
01-02
02-03
03-04
04-05
05-06
Total Expenditures and Other Uses
Original Expenditure Budget


East Moriches Union Free School District Current Ratio for the General Fund
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2.732
2.613
1.457
1.462
1.552
1.591
1.723
1.269
1.205
1.286
1.142
1.073
0.954
0.756
99-00
00-01
01-02
02-03
03-04
04-05
05-06
District
Statewide

Fiscal Condition

Many districts are or will be facing fiscal difficulties and will need to raise additional revenue or limit expenditures. The Department's review of general fund financial information for the 2004-05 school year showed that 165 districts, or 24.4 percent of 675 districts Statewide, had operating deficits of at least $250,000 (i.e., the districts' expenditures exceeded revenues by $250,000 or more for the year). These districts had to rely upon surpluses from prior years, reserves, and loans to fund the excess expenditures.

For the 2005-06 school year, many districts will continue to experience fiscal difficulties given the State's budget situation and the need for additional funds to meet the higher student performance standards.

Fiscal health is defined as the ability of a district to fund the level and quality of service expected by its citizens in good times and bad. A board of education has the responsibility to monitor the fiscal condition of its district. Districts need to have adequate resources to provide educational services on an ongoing basis. Resources should be available to address emergencies and unforeseen situations without interrupting or negatively affecting educational services provided to students. While there is no consensus on measuring the adequacy of resources or fiscal condition of districts, there are certain fiscal condition indicators that should be monitored.

Districts and their boards need to be aware of these indicators and act to ensure the district operates in a fiscally responsible manner. A district can use certain key indicators, ratios, and trend analysis to help identify areas of fiscal concern. These indicators are discussed as follows.

- Operating Deficit - When expenditures exceed revenue for a given period, a district has an operating deficit. A deficit in one year can be offset by surpluses from other years, reserve funds, or loans that must be repaid in subsequent years. However, several years of deficits or a significant deficit in one year can deplete those surpluses and reserve funds. Districts need to be on guard to ensure their budgets are balanced and that timely revisions are made to the budget to reflect any changes to estimated revenues and expenditures. The review of financial statements for the 2002-03, 2003-04, and 2004-05 school years showed that 181 districts had general fund operating deficits for two of the three years, with 36 of those districts having deficits in all three years. In addition, some districts had significant operating deficits in the special aid fund and the school food service fund.

- Negative Fund Balance - The operating surplus or deficit for each year is added to or subtracted from fund balance. A positive fund balance can be used to address revenue shortfalls or expenditure overruns. However, continuous use of the fund balance will ultimately result in a negative balance. While there is no legal provision for a negative fund balance, the review of 2004-05 financial information showed 11 districts had a negative fund balance in the general fund. A negative fund balance is the accumulation of spending more than was received in revenue.

- Declining Fund Balance - Districts may use the fund balance to establish three types of accounts:

  - Reserves that are specifically authorized by law;
  - Appropriated fund balance for next year's budget; and
  - Unreserved, undesignated fund balance (up to two percent of the upcoming budget) to use for cash flow and unanticipated expenditures.

  A decreasing trend in total fund balance or any of the three accounts may indicate fiscal stress or that a district is using its fund balance as a financing source. For example, one district used its fund balance to fund expenditures and, over a three-year period, decreased its reserves from $2,162,691 to $1,298,471 and its fund balance from $4,722,136 to a negative $1,808,154.

  In order to reserve or appropriate a portion of the fund balance, a district would need to have that amount available in fund balance. However, the financial data for the 2004-05 year showed that 30 districts reserved or appropriated more funds than they had available. This is reported on the financial statements as negative unreserved, undesignated fund balance (fund deficit).

- Cash Flow - Districts must have adequate cash and current resources to meet their current liabilities. Without the necessary current assets, a district will not be able to pay its bills in a timely manner. The current ratio, which is calculated by dividing current assets by current liabilities, is a measure of a district's ability to meet its current obligations. While there are many factors to consider, a standard indicator of fiscal health is a current ratio of at least 2 to 1. A trend of a less than 2 to 1 ratio, a decreasing trend in the ratio or in cash, or an increase in short-term borrowing may indicate a district is experiencing fiscal stress. The average median current ratio for districts in the State for the previous two years was 2.90 to 1. About 211 districts had a ratio of less than 2 to 1 in the 2004-05 year.

Districts need to be aware of the signs of fiscal stress and take the necessary action to ensure fiscal stability. Districts need to:

- Carefully develop balanced budgets for revenues and expenditures for all fund groups.
- Ensure expenditures are within the budgeted amounts.
- Monitor the budgets on an ongoing basis and ensure that appropriations are not overspent.
- Develop a long-term (five-year) fiscal plan and update it annually.
- Maintain a capital asset preservation plan.
- Use reserve funds as part of fiscal planning.

Failure to do so may have a negative impact on districts including lower bond ratings and higher costs to borrow money.

The board and management of the district should monitor the district's finances on an ongoing basis throughout the year as well as at year-end. Some key questions to ask when reviewing the year-end financial statements follow.

1) Did the district end the year with a surplus or deficit with revenues and expenditures? What caused the district to have a surplus or deficit? At what point did the district become aware of the surplus or deficit?
2) How are revenues trending in comparison to expenditures over the past three to five years? Are expenditures outpacing revenues?
3) Can the reasons for significant variances that occurred during the year between the district's budget and actual revenues and expenditures be explained?
4) How much is in the district's general fund - fund balance account? Has the district been adding to or depleting this account in the past three to five years?

THOMAS P. DiNAPOLI
STATE COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 17, 2007

RECEIVED
APR 19 2007
COMMISSIONER OF EDUCATION

Dr. Charles T. Russo
Superintendent of Schools and
Members of the Board of Education
East Moriches Union Free School District
9 Adelaide Avenue
East Moriches, NY 11940

Report Number B7-7-09

Dear Dr. Russo and Members of the Board of Education:

Pursuant to Chapter 33 of the Laws of 2002, the State Legislature authorized the East Moriches Union Free School District (District) to issue debt totaling $2 million to liquidate the accumulated deficit in the District's general fund as of June 30, 2006. Chapter 33 requires the District's chief fiscal officer to submit the District's tentative budget to the State Comptroller within five days after its preparation. The State Comptroller must examine the tentative budget and make recommendations for any changes that are needed to bring the proposed budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the District and prior to the approval of the budget.

Our office has recently completed an audit of the District's proposed budget for the 2007-2008 fiscal year. The objective of the audit was to provide an independent evaluation of the tentative budget. Our audit addressed the following questions related to the District's budget for the 2007-2008 fiscal year:

- Are the District's significant revenue and expenditure projections in the proposed budget reasonable?

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS) with the exception of reporting views of responsible officials, which were not solicited for this report due to the necessity of providing the District with this time-sensitive information. However, the results of this audit have been discussed with District officials and their comments have been considered in preparing this report. GAGAS requires that we plan and perform our audit to adequately assess the estimates in the tentative budget. Further, those standards require that we understand the internal control structure at the District and the

District's compliance with those laws, rules and regulations that are relevant to preparing estimates for the tentative budget.

To accomplish our objectives in this audit, we requested your tentative budget along with other pertinent information. We analyzed the composition of revenues and expenditures in order to determine if the revenue and expenditure estimates are reasonable and if the budget is structurally balanced so that recurring costs are financed with recurring revenues. It was not our intent and we do not offer comments on public policy decisions, such as, the type and level of services to be provided.

The tentative budget package for the fiscal year ended June 30, 2008, submitted for audit, consisted of the following:

- 2007-2008 Tentative Budget
- Supplementary Information

The tentative budget, as modified on March 23, 2007, is summarized as follows:

Fund	Appropriations and Provisions for Other Uses	Real Property Taxes (RPT)	Estimated Revenues Other Than RPT	Appropriated Fund Balance
General	$22,491,691	$15,112,250	$6,929,711	$450,000

The observations and recommendations resulting from our audit are, to a great extent, influenced by the quality and quantity of materials submitted, and the time between submission and budget adoption.

Based on the results of our audit, we do not find that significant revenue and expenditure projections in the tentative budget are reasonable. District officials have not provided sufficient documentation that the District will complete the 2006-07 fiscal year with a surplus fund balance to appropriate for 2007-08. In addition, they do not have a viable plan to address the $1.2 of their accumulated deficit in excess of authorized financing. Our audit disclosed the following findings that should be reviewed by the Board of Education (Board) for appropriate action. Good management practices require that District officials take prompt action concerning our recommendations. We believe that prompt action by District officials will help to improve the District's financial condition.

General Fund Deficit

The District had a general fund deficit of $3,214,468 at June 30, 2006, which was approximately $1.2 million more than the $2 million in deficit financing authorized by the State Legislature. Although the $2 million has been authorized and approved, the District has not issued the serial bonds yet. District officials informed us that they still intend to issue this debt. Chapter 33 of the Laws of 2002 requires the District to issue the bonds on or before June 30, 2007.

District officials report that they will address the unexpected $1.2 million in fund deficit in two ways. First, officials decided to raise taxes above the amount needed to support the 2006-07 budget in order to eliminate a portion of the deficit. The District adopted a tax levy of $14.5 million for the 2006-07 fiscal year, which was $882,000 more than necessary to cover their adopted budget. The tax levy, adopted on October 25, 2006, kept the same tax rate which generated a surplus of real property tax revenues because of increased assessed values.

District officials plan to eliminate the remaining portion of the $1.2 million deficit by using $317,000 in surplus funds from completed capital projects. However, these funds are not legally available for this purpose. Unexpended proceeds of debt from capital projects may only be used to pay for debt service and not to reduce a general fund operating deficit. Therefore, the Board will have to develop an alternative plan to eliminate the remaining unexpected general fund deficit.

Appropriated Fund Balance

In addition to eliminating a portion of the unexpected operating deficit from 2005-06, District officials are also projecting that the general fund will have a surplus of $550,000 at June 30, 2007. However, District officials have not given us any explanation of how this surplus will be achieved. In addition, we noted that the District's budgeted tuition expenditures for the 2006-07 fiscal year are $5,962,600. District officials project total expenditures to be $6,735,637 for the 2006-07 fiscal year, approximately $773,037 over-budget. Given this lack of supporting information, we cannot determine how District officials determined that a surplus of $550,000 will occur.

The 2007-2008 proposed budget includes the appropriation of $450,000 of fund balance to help finance 2007-08 operations. The practice of appropriating fund balance as a source of financing is used by many local governments as a means of reducing the amount of the tax levy. However, in order to avoid a budgetary deficit, the amount of fund balance appropriated must not exceed the actual amount of surplus fund balance available. Based on the issues noted above, there is no assurance that the District will have sufficient funds to appropriate in the 2007-2008 budget. In addition, even if this fund balance is available, we generally advise that excess fund balance be used to finance non-recurring expenses or to reduce outstanding debt. Using excess fund balance to finance ongoing costs can result in future budget gaps, since this funding source will not necessarily be available in subsequent years.

We recommend that District officials closely monitor the use of fund balance to ensure that action is taken, if necessary, to identify other funding sources that can be used if fund balance is no longer available to fund District operations.

We recommend that the Board reconsider appropriating fund balance in the 2007-2008 budget.

Pursuant to Chapter 33 of the Laws of 2002, the Board shall review the recommendations in this report and make adjustments to its proposed budget. The Board must explain in writing to our office and the Commissioner of Education any recommendations rejected.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law, the Board should prepare a plan of action that addresses the recommendations in

this report and forward the plan to our office within ninety days. We encourage the Board to make this plan available for public review in the District Clerk's office. For guidance in preparing your plan of action and filing this report, please refer to the attached documents.

We request that you provide us with a copy of the adopted budget.

We hope that this information is useful as you adopt a budget for the school district. If you have any questions on the scope of our work, please feel free to contact Richard Rennard at (631) 952-6534.

Very truly yours,

Mark P. Pattison
Deputy Comptroller
Division of Local Government Services
and Economic Development

Attachments

cc: Dr. George Chesterton, Business Official
Patricia Prendergast, District Clerk
Hon. Owen H. Johnson, Chair, Senate Finance Committee
Hon. Herman D. Farrell, Jr., Chair, Assembly Ways and Means Committee
Hon. Fred W. Thiele, Jr., NYS Assemblyman
Hon. Kenneth LaValle, NYS Senator
Paul E. Francis, Director, Division of Budget
Richard P. Mills, Commissioner, NYS Education Department
James Conway, Director, Office of Audit Services, NYS Education Department
Richard Rennard, Chief Examiner, Office of the State Comptroller

Media Coverage

During the course of the study all Feasibility Committee Study Sessions were open to the public and the media.

The process received regular media coverage in the *Press of Manorville and The Moriches,* a weekly regional newspaper in the form of editorials and news articles.

Samples of that coverage are included on the following pages.

Publication: The Press Of Manorville And The Moriches; Date:2007 Nov 23; Section:Opinion;
Page Number: A12

EDITORIAL

Face the facts

It's time for East Moriches school officials to realize that the old adage is true: You can't have it both ways. For months they've been saying that they support a merger study with the Center Moriches School District and would let district residents decide the matter after the facts were in. But now that a $50,000, nine-month feasibility study of such a merger has been completed—one that offers an overtly positive outlook—some East Moriches officials are crying foul, criticizing the study's methodology and results. A committee of community members assigned to assist with the study voted to recommend that the two school boards hold unofficial straw polls this spring to gauge each community's interest in the merger. But East Moriches School Board President Dr. Stephen A. Curtis said he would not support such a public opinion vote, citing what he deemed flaws in the study, particularly in enrollment and tax rate projections. Also, East Moriches School Superintendent Dr. Charles T. Russo, at the final meeting of the committee and consultants last Wednesday, questioned the tax rate projections, claiming that a $2 million loan to offset the district's overspending was somehow counted twice. The consultants maintain that they used standard and accepted formulas in the calculations. Center Moriches officials, who have been pushing for a merger for the past couple of years, had no issues with the results. The preliminary results show that a consolidation of the school districts will save taxpayers money, in the long run, at least. While tax rates might rise a little at first, they eventually will decrease, and taxpayers of a combined district would actually pay less than they are paying now. While the decision should not be made singly on the issue of taxes, it's also reasonable to assume that a combined district with combined resources would be able to build a much stronger academic program than the individual districts now offer. The objections of Dr. Curtis and Dr. Russo ring hollow. They read like the next in a series of disinformation campaigns in the district designed to maintain the status quo. But that status quo has resulted in the near death of the district, with $3.2 million in overspending in recent years, a 21-percent tax hike last year and another 9-percent tax hike this year. It is time to put aside worn-thin tradition, personal agendas and foolish pride, and, finally, stop the bleeding. In his objections this week, Dr. Curtis—who has been a strong proponent of maintaining a choice of high schools for students in the district, which does not have its own high school—whispered that better deals might be offered by the other two districts that serve the East Moriches population. While those whispers are intriguing, even the most astute negotiator knows there is a time to stop bargaining and close a good deal. A merger between the two districts is a good deal for everyone. The districts' boards of education must finally put the decision to the voters, and taxpayers must embrace the consolidation—for their own sake and the sake of the children in the district.

Publication: The Press Of Manorville And The Moriches; Date:2007 Nov 02; Section:News;
Page Number: A2

School district has $3.2M surplus

By Bryan Finlayson

The Center Moriches School District posted a $3.2-million surplus for the 2006-2007 school year, more than half of which will be used to offset school taxes this year, according to a recently completed audit of the district's finances.

The surplus is unprecedented in the history of the school district, which had subjected taxpayers to a one-year 38.4-percent property tax increase just three years ago. Jill S. Fichter, a partner with the Port Jefferson Station-based auditing firm Coughlin Foundotos Cullen and Danowski, discussed the results of a recently completed external audit of district finances with the Center Moriches School Board during a special meeting last Wednesday, October 24.

She explained that in addition to spending $1.5 million less than it budgeted for in last year's $30.5-million budget, the district was the recipient of about $1 million of unexpected revenues. Ms. Fichter noted that about half of the $3.2-million surplus comes from last year's budget, while the remainder is from unanticipated revenues. About $1 million in revenue was generated in the increased number of special eduction students from East Moriches and the Poospatuck Indian Reservation in Mastic who are now attending the district, according to school officials. Other revenue came in from various investments and an increase in state grant money totaling about $400,000. The district received about $2 million in state funding last year.

"At this time, the district is in its best financial standing in its history," Center Moriches School Superintendent Dr. Donald James said.

As a result of the surplus, district taxpayers will be paying slightly less than they expected this year in school property taxes, as $1.8 million from the surplus will be used to offset the tax rate. School taxes still increased this year, but by a lower than projected margin.

The district tax rate will increase by $1.56 per $100 of assessed valuation this year, less than 1 percent overall, bringing the rate to $209.35 per $100, according to school administrators.

The remaining $1.4 million from the surplus has been placed in the district's fund balance and its emergency repair fund. That money can be tapped for future expenses.

"They are financially healthy," said Ms. Fichter of the district's finances. "They really watch and they do a good job, considering they are a small district.

"I've been here for a number of weeks, and the district is in good shape. As your auditor, I'm happy to see that," she continued. "The programs are being run, the programs are being monitored. There is almost no overspending. From a financial standpoint, I'm very pleased."

School Board members also were pleased with the results of the external audit, which they are required to complete.

"It's the best financial condition that we have ever been in for this district," said School Board President Joseph W. McHeffey. "Things are better than ever, academically, financial, and facility-wise, and we are determined to make it better."

Publication: The Press Of Manorville And The Moriches; Date:2007 Nov 02; Section:News; Page Number: A2

Error forces rise in tax rate

By Bryan Finlayson

The East Moriches School Board agreed to raise school property taxes by three times its preliminary estimates this year, in order to offset an assessment error made by Brookhaven Town in 2006.

Last week's 6-1 vote will increase the district tax rate to $197.74 per $100 of assessed valuation, a 6.9-percent increase from last year. The tax hike was a departure from the anticipated tax rate of $189.58 per $100, which had equated to a 2.1-percent increase. School Board members used that figure when estimating the tax rate and while formulating the district's $20.3 million 2007-2008 budget.

The board was forced to raise taxes a second time due to an assessment error made by Brookhaven Town in 2006. School officials said they were forced to raise taxes after the town mistakenly conducted a double-assessment of the Walden Pond community on Frowein Road, the largest tax entity in the hamlet. To help offset the full impact of the error, the board accepted $250,000 in emergency aid from New York State. Glenn Neuschwender was the only board

member to oppose the measure to readjust the tax rate, stating that more should have been done to assist East Moriches residents.

"I think we are pricing people right out of their homes," Mr. Neuschwender said. "They moved here expecting a certain quality of life, and now that quality of life on the financial side has changed dramatically.

"There is a void in the vision of where we are going," he continued. "I don't know where it is. It has to be more than asking [taxpayers] for money and writing checks." A glitch in a relatively new computer program used by the Brookhaven Town assessor's office mistakenly counted the parcel—assessed at $3.4 million—twice. The error was discovered last December and resulted in a 5.5-percent drop in the overall assessment for the district. However, the district was not notified of the error until the end of September, when school officials received this year's final assessment numbers.

School Board members formulated the 2007-2008 budget without being aware of the error, which made them think they had an added windfall of $880,000. The error caught up with the district this year. "Unfortunately, no one contacted the district," East Moriches Schools Superintendent Dr. Charles T. Russo said of the assessor's office. "The error drastically decreased the tax assessment."

As a result of the error, the hamlet's total assessed valuation dropped last year from $7,835,293 to $7,481,291. As a result, district officials were forced to raise the tax rate, something they said they were pained to do considering that school property taxes have jumped by about 43 percent over the past five years.

"To sit here now and say we are going to raise the tax rate is a difficult burden," School Board member Thomas Vitale said. "I don't think any of us have an answer right now except to Band-Aid the problem."

On the brighter side, East Moriches finished the 2006-2007 school year approximately $55,000 in the black, meaning the district is in its best financial shape since 2004. In 2006, the district ended the school year $3.2 million in debt.

That debt was paid off this year with a combination of state money and unanticipated revenue from last year's budget. In July, the district borrowed $2 million from the state while bringing in an extra $1.5 million in unexpected revenues. The money was used to pay off the $3.2-million debt.

"The deficit spending has been paid off and there is a unappropriated fund balance of $55,000," Dr. Russo said. "This is a happy story."

Prior to receiving the state aid and unanticipated revenue, the district had overspent its budget last year to the tune of $233,000, according to district officials. The overspending was the result of the district having to adopt an austerity budget last year after voters twice rejected the

School Board's proposed $18.6-million budgets. Due to the contingency budget, some district programs were left underfunded, accounting for the $233,000 debt.
"We were forced into a budget number," Dr. Russo said. "Whether it was going to meet the expenditures or not, that was the number we were forced into."
To address the double-assessment error, school officials met last week with members of Brookhaven Supervisor Brian X. Foley's staff. It was the first of a series of planned meetings. Though no agreement has been reached, Dr. Russo said the town is considering at least one option that would ultimately help stabilize the East Moriches school tax rate. "I am awaiting a response to a request that we had to adjust the new assessment rate over multiple years as opposed to a one-year adjustment," Dr. Russo said. "We want to try to find a solution that works for everybody."
Tom Burke, a spokesman for the town, emphasized this week that a final decision has not been reached. "There was no expectation on anyone's part that any action would be taken as a result of the meeting," he said.

Publication: The Press Of Manorville And The Moriches; Date:2007 Nov 23; Section:Front Page; Page Number: A1

SCHOOL MERGER COULD GET PUBLIC VOTE

Study results are disputed by some

By Bryan Finlayson

East Moriches school districts might cast votes this spring in separate straw polls designed to gauge the public's opinion on whether the two districts should consolidate into a single district. The two boards of education still must approve the preliminary polling, but if they are held and both communities support the initiative, a more formal referendum could be held later in the spring, officials said this week, which would settle the consolidation issue.

News of the possible straw votes followed the final in a series of merger committee meetings last Wednesday night, November 14, conducted by consultants with School Efficiency Services, a Syracuse-based firm that is developing a study of the proposed merger.

Since this spring, the merger committee has explored how a merger between the two districts would function and what it would cost. The tax impact for residents of both districts has been a central theme of the meetings, and early results of the study project that while taxes might initially increase, they would actually decrease over time. Last week's meeting summed up months of discussions on the pros and cons of a merger.

Following the meeting, in a unanimous vote, members of the committee representing Center Moriches voted to conduct a straw vote in May or June. Members of the committee representing East Moriches voted 6-3 in favor of a similar vote.

However, East Moriches School Board President Dr. Stephen A. Curtis said he had misgivings about the study that could cause him—and others on the School Board—to vote against approving a straw vote if the concerns, centering on enrollment figures and tax rate projections in the study, were not addressed.

"I have some serious reservations as to the way it was done, just the philosophy of it," Dr. Curtis said of the study. According to Dr. Curtis, the study reached conclusions different from several merger studies of other districts comparable to East Moriches. "I would like to see this move forward to a merger vote—if and only if—I feel the study is valid. If I don't think that report is accurate, how in God can I accept it?"

Meanwhile, Joseph W. McHeffey, president of the Center Moriches School Board, expressed no qualms about the study and noted that the committee's recommendation will be taken into account when the board moves to approve a straw vote.

The school board would not vote until after a final version of the report is submitted to both boards on or about January 15.

The straw votes could take place as soon as March 2008, said Daniel Porter, president of School Efficiency Services, which is preparing a 150-page merger study report for the neighboring districts.

A formal public vote to approve a merger, held in each district, must be passed bilaterally in order for a merger to happen. Depending on the results of the straw votes, a final vote on the merger could take place as soon as May 2008. If approved, the new district would be formed as of July 1, 2008.

"It takes two to tango," Mr. Porter said last Wednesday of the bilateral vote. "It's a tough decision whether two districts merge. This is high stakes in both communities."

The tax impact to residents in East Moriches was debated last week, and not until last Wednesday were the results of a recent audit of East Moriches's 2006-2007 finances presented to the merger committee. A major impetus for a merger would be to stabilize taxes for residents living in both districts, which have each seen dramatic increases in recent years. According to the School Efficiency Services study, residents of East Moriches and Center Moriches could end up with lower school tax rates by 2014.

But East Moriches Superintendent of Schools Dr. Charles T. Russo challenged the consultants' projections of the East Moriches tax rate. In fact, Dr. Russo said that the savings for East Moriches residents could be much lower than what the projection states.

Dr. Russo believes a number relating to the district's debt service payments on a $2 million loan

that it floated last year to offset overspending in the district was counted twice in the study, once as an individual asset, the second time indirectly in the district's budget last year and this year. Dr. Russo said the debt service has been budgeted for over the past two years and should not have been included in the study's tax rate projection.

"It's double-hitting the issue," Dr. Russo said. "The issue is that it is inflating the tax rate. I disagree with it wholeheartedly."

Dr. Russo said that the tax rate in East Moriches could be as much as $75 lower—without a merger—in 2014 than the study predicts. The study predicts East Moriches residents will be paying $259 per $100 in 2014 if a merger does not occur.

A consultant with School Efficiency Services, Lee Peters, stood by the projection, stating that he would be remiss to not include it in the study's calculations.

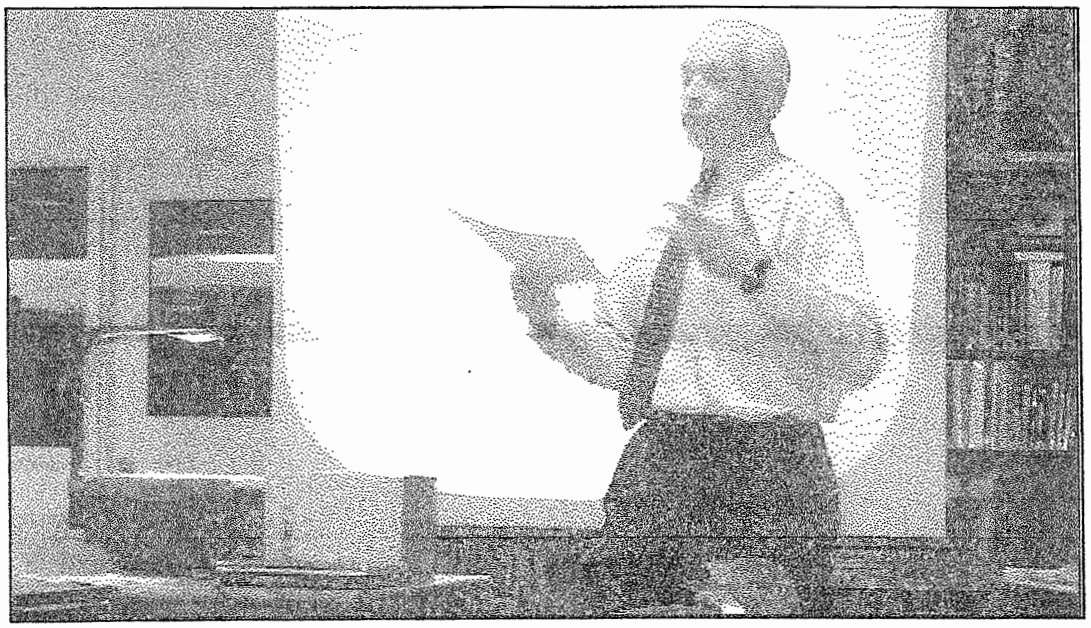
"We've predicted some growth," Mr. Peters said. Dr. Russo "says 'no,' but we don't know. The method we are using is an established formula used across the state. If he disagrees, then, hey, we don't care." According to the study, East Moriches taxes, which are currently $185 per $100 of assessed valuation, would jump by about $20 per $100 if a merger occurred in 2008. If the districts were combined, the school tax rate would be about $202 per $100 in 2008.

Center Moriches, which currently pays $208 per $100 of assessed valuation, would see taxes decrease by about $5 in 2008 if a merger occurred. However by 2014, the combined tax rate of a merged district is projected to actually decrease to about $194 per $100 of assessed valuation.

Also at the meeting, the consultants rehashed the pros and cons of a merger. The consultants said a merger of the two school districts could result in an annual savings of $1.1 million, a direct result of East Moriches no longer having to pay tuition to outside schools for its high school-age students.

However, administrative costs and extra staffing could result in an increase in spending of about $150,000, and as many as 20 new classrooms would have to be built to handle the influx of East Moriches students currently being educated out of district.

Other benefits of a merger could include $17 million in extra state aid over 14 years and a 95-percent state financing of all new construction approved by the newly merged district for 10 years.



A merger committee composed of East Moriches and Center Moriches residents held their final meeting last Wednesday, November 14. Committee members from both the East Moriches and Center Moriches school district voted to recommend a straw vote to gauge public opinion. **BRYAN FINLAYSON**

Center Moriches UFSD and East Moriches UFSD
Reorganization Feasibility Study Committee
Work Schedule

Organizational Meeting **Wednesday, May 30th @ Center Moriches @ 5 pm**

- Explanation of work
- Study areas
- Ground rules
- Timeline
- Incentive Aid Overview
- Tour
- Governance

Work Study #1 **Tuesday, June 26th @ East Moriches @ 5 pm**

- Finance

Work Study #2 **Tuesday, August 21 @ Center Moriches @ 5 pm**

- Personnel
- Pupil Enrollments
- Use of Facilities (options)
- Governance study

Work Study # 3 **Tuesday, September 18 @ East Moriches @ 5 pm**

- Instructional Programs
- Facilities Priorities

Optional Study Session – November 5 @ Center Moriches

- Comparison of Instructional Programs (Special Meeting)

Work Study #4 **Tuesday, November 14@ Center Moriches @ 5 pm**

- Co-curricular
- Options for Instructional Enhancement
- Facilities (condition)
- Transportation if needed

Tentative
Report of Study Recommendations to Boards – **January 15, 2008**
Straw vote (if approved) -
Final Vote –

Center Moriches- East Moriches
Feasibility Study

Summary of Costs/Savings as a Result of a Merger

Item	Savings	Cost	Notes and Comments
Absorption of EMO 9-12 students	$1,350,000 Per year		25 pupils per grade level @ $13,500 per pupil; need several years to fully phase in; already in tax rate calculation
Transportation	70,000 per year		Estimated savings of not traveling to WHB and some efficiencies at CM as a result of better filling contract buses
Staff Contract Level up **-Teachers** **- Non-Instruct**	$0	$0 $85,000 Per year	Estimated equivalent contracts; no cost or savings Worst case scenario to level up
Administrative Costs		$250,000 Per year	Additional MS or HS assistant principal; asst superintendent for instruction
Tuition Savings	$990,500		Figured on 07-08 enrollment numbers, annual savings if all hs students were educated at CM instead of ESM and WHB.
Operating Incentive Aid	$17,725,635 Over 14 years		Recommend divided one-third for instruction, one-third for tax stabilization, and one-third for reserve funds including capital reserve to pay for local share of capital construction
Building Incentive Aid	$200,000 per each $1 million of approved capital Construction projects		For at least 10 years after merger; would include costs for borrowing, architects fees, etc. Local share of project would decrease form 31% of total to 11 % of total

School Efficiency Services
128 Mallard Bay
Chittenango, NY 13037
315 256-8860