



**BAYPORT - BLUE POINT UNION FREE
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS**

June 30, 2020

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Bayport-Blue Point Union Free School District
Bayport, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Bayport-Blue Point Union Free School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 54 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bayport-Blue Point Union Free School District's basic financial statements. The other supplementary information on pages 59 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of the Bayport-Blue Point Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bayport-Blue Point Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bayport-Blue Point Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

November 6, 2020

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Bayport-Blue Point Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

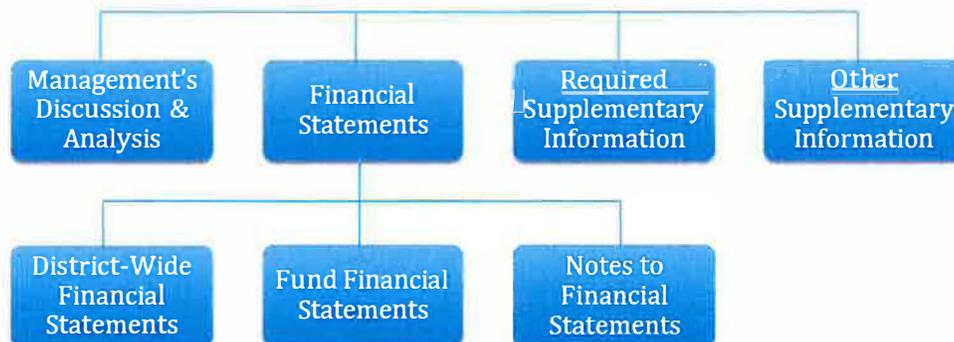
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position was a deficit of \$41,073,163 in the district-wide financial statements at June 30, 2020. The deficit increased by \$8,108,955 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$82,138,240. Of this amount, \$2,474,542 was offset by program charges for services, operating grants and capital grants. General revenues of \$71,554,743 amount to 96.7% of total revenues, and were not adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$1,828,264 to \$14,218,868. This was due to an excess of revenues over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting.
- The District's 2020 property tax levy of \$51,963,500 was a 3.77% increase over the 2019 tax levy, which was equal to the District's property tax cap.
- The budget for the 2020-2021 school year in the amount of \$75,603,645, which is an increase of 2.94% over the prior year, and was approved by the voters on June 9, 2020. The property tax levy of \$53,944,254 was a 3.81% increase, which equals the tax cap levy limit.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds: general fund, special aid fund, school food service fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position (deficit) increased by \$8,108,955 between fiscal year 2020 and 2019. The increase in the deficit is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. In addition, the prior year's ending total net position (deficit) was restated by \$(536,307), bringing the total net position (deficit) to \$(32,964,208). The accompanying Notes to Financial Statements, Note 21, "Restatement of Total Net Position (Deficit)", provides additional information. A summary of the District's Statements of Net Position follows:

	<u>2020</u>	<u>As Restated 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets				
Current and Other Assets	\$ 31,575,508	\$ 20,715,587	\$ 10,859,921	52.42 %
Capital Assets, Net	75,252,149	61,982,815	13,269,334	21.41 %
Net Pension Asset - Proportionate Share	<u>4,809,435</u>	<u>3,349,164</u>	<u>1,460,271</u>	43.60 %
Total Assets	<u>111,637,092</u>	<u>86,047,566</u>	<u>25,589,526</u>	29.74 %
Deferred Outflows of Resources	<u>44,232,830</u>	<u>49,968,146</u>	<u>(5,735,316)</u>	(11.48)%

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2020	As Restated 2019	Increase (Decrease)	Percentage Change
Liabilities				
Current and Other Liabilities	\$ 34,376,599	\$ 11,015,426	\$ 23,361,173	212.08 %
Long-Term Liabilities	30,519,029	33,239,044	(2,720,015)	(8.18)%
Net Pension Liability -				
Proportionate Share	5,984,462	1,654,626	4,329,836	261.68 %
Total OPEB Liability	<u>102,505,656</u>	<u>98,224,655</u>	<u>4,281,001</u>	4.36 %
Total Liabilities	<u>173,385,746</u>	<u>144,133,751</u>	<u>29,251,995</u>	20.30 %
Deferred Inflows of Resources	<u>23,557,339</u>	<u>24,846,169</u>	<u>(1,288,830)</u>	(5.19)%
Net Position				
Net Investment in Capital Assets	32,607,722	30,000,540	2,607,182	8.69 %
Restricted	7,261,438	7,189,542	71,896	1.00 %
Unrestricted (Deficit)	<u>(80,942,323)</u>	<u>(70,154,290)</u>	<u>(10,788,033)</u>	(15.38)%
Total Net Deficit	<u>\$ (41,073,163)</u>	<u>\$ (32,964,208)</u>	<u>\$ (8,108,955)</u>	(24.60)%

The increase in current and other assets is primarily related to an increase in the District's cash position, offset by a decreases in due from state and federal and other assets. The major contributing factor to the increase in cash is related to unspent bond anticipation note (BAN) proceeds.

The increase in capital assets, net is primarily due to capital asset additions in excess of the depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State", provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, plus the remaining unamortized portion of deferred charges from the District's 2016 bond refunding.

The increase in current and other liabilities is primarily attributable to the increase in the outstanding balance of District and Library bond anticipation notes payable at year end. In addition, increases in accrued liabilities, due to employees' retirement system and compensated absences payable were offset by decreases in accounts payable and amounts due to the teachers' retirement system.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The decrease in long-term liabilities is primarily the result of the repayments of the current year maturity of bond indebtedness, energy performance contract debt payable, and amortization of the deferred premiums on the 2016 bond refunding. These decreases were offset by increases in the liabilities for compensated absences and workers' compensation. The accompanying Notes to Financial Statements, Note 13 "Long-Term Liabilities", provides additional information.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State", provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 17 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plans and OPEB plan that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves and other restricted amounts. This amount increased over the prior year due to interest allocated to the reserves.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for this liability.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 910,916	\$ 1,261,855	\$ (350,939)	(27.81)%
Operating Grants	1,112,443	1,313,353	(200,910)	(15.30)%
Capital Grants	451,183	596,777	(145,594)	(24.40)%
General Revenues				
Property Taxes and STAR	51,965,775	50,074,829	1,890,946	3.78 %
State Sources	18,281,054	17,764,465	516,589	2.91 %
Other	1,307,914	1,754,365	(446,451)	(25.45)%
Total Revenues	<u>74,029,285</u>	<u>72,765,644</u>	<u>1,263,641</u>	1.74 %
Expenses				
General Support	10,865,236	10,030,443	834,793	8.32 %
Instruction	67,720,495	63,881,169	3,839,326	6.01 %
Pupil Transportation	1,364,886	1,817,684	(452,798)	(24.91)%
Debt Service - Interest	1,466,530	955,945	510,585	53.41 %
Food Service Program	721,093	732,774	(11,681)	(1.59)%
Total Expenses	<u>82,138,240</u>	<u>77,418,015</u>	<u>4,720,225</u>	6.10 %
Decrease in Net Position	<u>\$ (8,108,955)</u>	<u>\$ (4,652,371)</u>	<u>\$ (3,456,584)</u>	(74.30)%

The change in net position represents the District's operating loss using the economic resources measurement focus and the accrual basis of accounting. For the year ended June 30, 2020, the loss was \$8,108,955 compared to a loss of \$4,652,371 in the prior year.

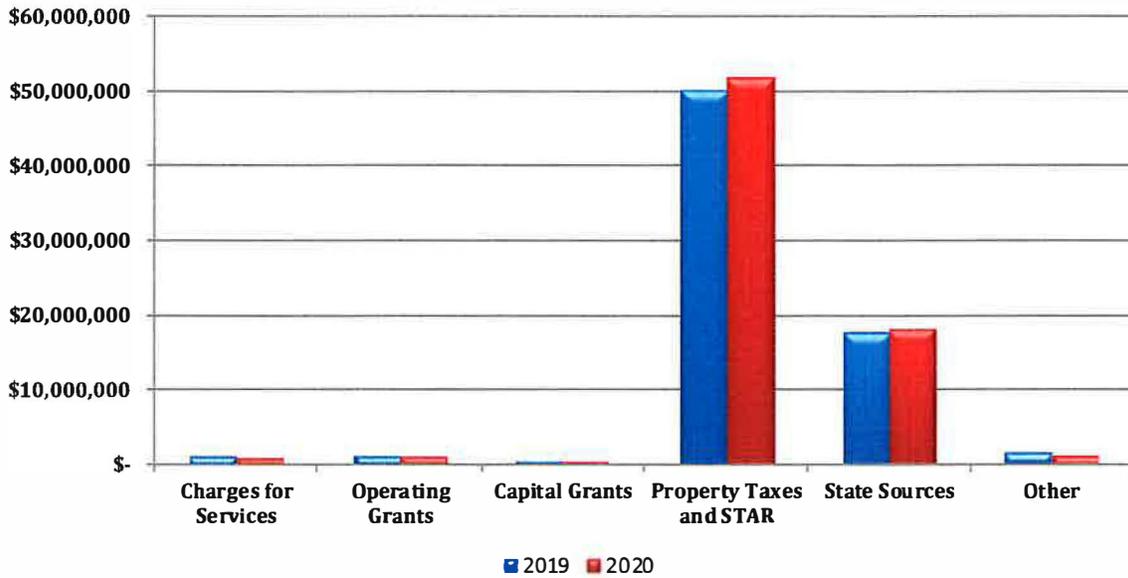
Revenues increased by \$1,263,641 or 1.74%, as compared to the prior year. The increase was the result of increases in property taxes and STAR and state sources, offset by decreases in other general revenues and all program revenues.

The District's total expenses for the year increased by \$4,720,225 or 6.10%. The increase in expenses is primarily due to increases in instruction, general support and debt services interest, offset by a decrease in pupil transportation. The primary reason for the increases in instruction and general support is due to the impact of the net change in the actuarially determined pension expenses for TRS and ERS. Debt service - interest increased due to accruals related to outstanding bond anticipation notes payable. Pupil transportation expenses decreased due to the impact of COVID-19, which led to extended school closures and the implementation of virtual learning.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 70.2% and 69.3% of the total for the years ended June 30, 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.4% and 82.6% of the total for the years ended June 30, 2020 and 2019, respectively).

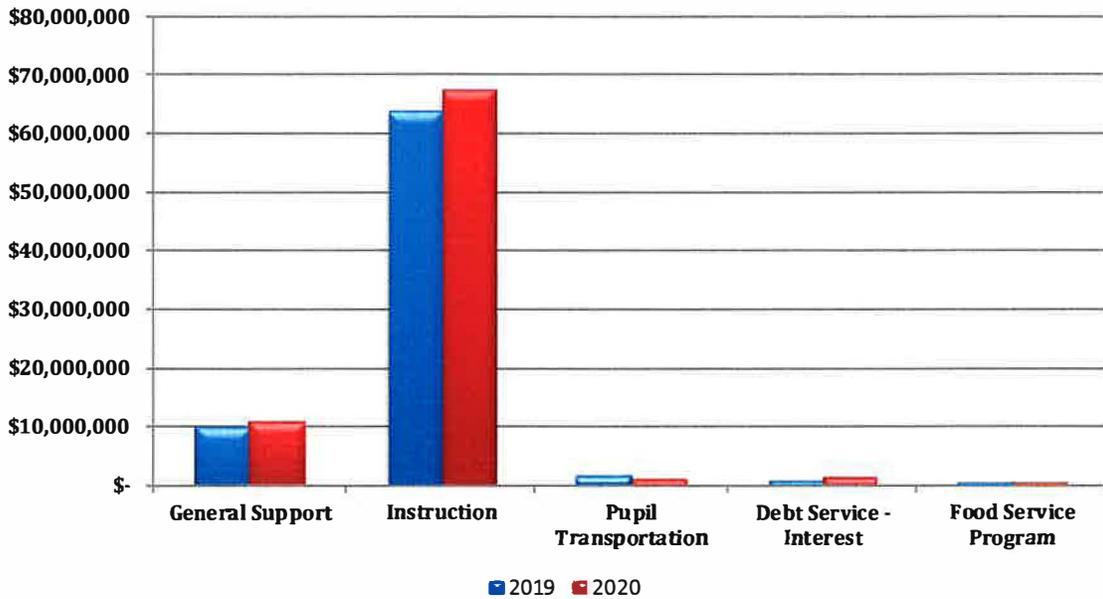
**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2019	1.7%	1.8%	0.8%	68.8%	24.4%	2.5%
2020	1.2%	1.5%	0.6%	70.2%	24.7%	1.8%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2019	13.0%	82.6%	2.3%	1.2%	0.9%
2020	13.2%	82.4%	1.7%	1.8%	0.9%

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance deficit of \$3,401,915, which is a decrease of \$12,016,680 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
General Fund			
Restricted			
Workers' compensation	\$ 1,136,896	\$ 1,125,640	\$ 11,256
Unemployment insurance	176,750	175,000	1,750
Retirement contribution			
Teachers' retirement system	294,441	291,526	2,915
Employees' retirement system	2,828,354	2,800,350	28,004
Employee benefit accrued liability	2,824,997	2,797,026	27,971
Assigned:			
Appropriated fund balance	1,684,000	1,684,000	-
Unappropriated fund balance	309,198	579,302	(270,104)
Unassigned: Fund balance	<u>4,964,232</u>	<u>2,937,760</u>	<u>2,026,472</u>
	<u>14,218,868</u>	<u>12,390,604</u>	<u>1,828,264</u>
School Food Service Fund			
Nonspendable: Inventory	21,403	19,676	1,727
Assigned: Unappropriated fund balance	<u>25,347</u>	<u>181,442</u>	<u>(156,095)</u>
	<u>46,750</u>	<u>201,118</u>	<u>(154,368)</u>
Capital Projects Fund			
Unassigned: Fund balance (deficit)	<u>(17,667,533)</u>	<u>(3,976,957)</u>	<u>(13,690,576)</u>
 Total Fund Balance (Deficit)	 <u>\$ (3,401,915)</u>	 <u>\$ 8,614,765</u>	 <u>\$(12,016,680)</u>

A. General Fund

The net change in the general fund's fund balance is an increase of \$1,828,264 compared to an increase of \$25,191 in 2019.

The general fund's revenues increased by \$1,477,548 or 2.09%, as compared to the prior year. This increase is primarily attributable to increases in property taxes, which is due to an increase in the tax levy in accordance with the 2019-2020 budget.

Expenditures and other financing uses decreased by \$325,525 or 0.46% from the prior year. This decrease was primarily due to decreases in employee benefits, transportation, instruction and operating transfers out, offset by increases in general support and debt service. In the prior year, the District transferred \$467,500 to the capital projects fund for emergency district-wide improvements, whereas, in the current year, no supplemental appropriations were made to the capital projects fund. In addition, savings were realized in pupil transportation due to the extended COVID-19 pandemic closures and the implementation of virtual learning. The increase in debt service is directly attributed to the repayment of bond indebtedness in accordance with bond amortization schedules.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2019	Interest	Balance @ June 30, 2020
Workers' compensation	\$ 1,125,640	\$ 11,257	\$ 1,136,896
Unemployment insurance	175,000	1,750	176,750
Retirement contribution			
TRS	291,526	2,915	294,441
ERS	2,800,350	28,004	2,828,354
EBALR	2,797,026	27,970	2,824,997
	<u>\$ 7,189,542</u>	<u>\$ 71,896</u>	<u>\$ 7,261,438</u>

B. School Food Service Fund

The school food service fund – fund balance decreased by \$154,368, which was the operating loss of the food service program. The operating loss is directly attributed to a decrease in sales revenue due to extended closures during the COVID-19 pandemic.

C. Capital Projects Fund

The net change in the capital projects fund's fund balance is a decrease of \$13,690,576, which increased the accumulated deficit to \$(17,667,533). In the current year, the District recorded capital expenditures of \$14,678,216 in excess of revenues and other financing sources recognized of \$987,640. The June 30, 2020 deficit will be eliminated when permanent financing is received in the form of serial bonds related to balance of the District's ongoing construction projects and the Bayport-Blue Point Public Library project.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$73,443,966. This amount was increased by encumbrances carried forward from the prior year in the amount of \$579,302 and budget revisions in the amount of \$39,916 for a total final budget of \$74,063,184.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$51,963,500 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 2,937,760
Revenues Over Budget	286,992
Expenditures and Encumbrances Under Budget	3,495,376
Allocation to Reserves	(71,896)
Appropriated to Fund the June 30, 2021 Budget	<u>(1,684,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 4,964,232</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$2,937,760 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenues Over Budget

The 2019-2020 final budget for revenues was \$71,799,882. Actual revenues recognized of \$72,086,874 exceeded estimated or budgeted revenue by \$286,992. This variance contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 final budget for expenditures was \$74,063,184. Actual expenditures as of June 30, 2020 were \$70,258,610 and outstanding encumbrances were \$309,198. The final budget variance was \$3,495,376, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings to the reserves.

Appropriated Fund Balance

The District has chosen to use \$1,684,000 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the summary table, the unassigned fund balance at June 30, 2020 was \$4,964,232. This amount exceeds the statutory limit established by New York State Real Property Tax Law §1318.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$14,993,224 in excess of depreciation expense of \$1,723,890 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Land	\$ 175,681	\$ 175,681	\$ -
Construction in progress	32,856,481	18,178,265	14,678,216
Buildings and improvements	41,434,722	43,009,578	(1,574,856)
Site improvements	99,390	120,435	(21,045)
Furniture and equipment	415,367	282,667	132,700
Licensed vehicles	270,508	216,189	54,319
Capital assets, net	<u>\$ 75,252,149</u>	<u>\$ 61,982,815</u>	<u>\$ 13,269,334</u>

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$22,110,000. The bonds were issued for school building improvements, or the refunding of bonds originally issued for school building improvements. The District also had energy performance contract debt outstanding in the amount of \$2,806,809, which was issued to perform district-wide energy efficient capital improvements. The decrease in outstanding debt represents current year principal payments.

A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
Bonds Payable				
1/9/2013	2.0-4.0%	\$ 1,690,000	\$ 2,190,000	\$ (500,000)
6/19/2014	2.0-5.0%	7,290,000	8,300,000	(1,010,000)
6/2/2016	3.0-5.0%	680,000	1,330,000	(650,000)
10/4/2018	3.00-3.25%	12,450,000	13,215,000	(765,000)
		<u>\$ 22,110,000</u>	<u>\$ 25,035,000</u>	<u>\$ (2,925,000)</u>
Energy Performance Contract				
5/23/2013	2.19%	<u>\$ 2,806,809</u>	<u>\$ 3,104,146</u>	<u>\$ (297,337)</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2. The District's outstanding serial bonds and bond anticipation note at June 30, 2020 are approximately 12% of the District's debt limit.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, net pension liability - proportionate share and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The workers' compensation liability is based on loss runs provided by the third-party administrator. The net pension liability - proportionate share and the total other postemployment benefits obligation are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences	\$ 3,879,620	\$ 3,320,637	\$ 558,983
Workers' compensation	1,109,378	957,847	151,531
Net pension liability - proportionate share	5,984,462	1,654,626	4,329,836
Total OPEB liability	102,505,656	98,224,655	4,281,001
	\$ 113,479,116	\$ 104,157,765	\$ 9,321,351

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 16, 2020, for the year ending June 30, 2021, is \$75,603,645. This is an increase of \$2,159,679 or 2.94% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$178,925 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$1,684,000 did not change from the previous year. A property tax increase of \$1,980,754 (3.81%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2020-2021 property tax increase of 3.81% was equal to the tax cap and did not require an override vote.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Richard Snyder
Assistant Superintendent for Finance and Operations
Bayport-Blue Point Union Free School District
189 Academy Street
Bayport, New York 11705

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

ASSETS

Cash	
Unrestricted	\$ 9,727,362
Restricted	18,803,820
Receivables	
Accounts receivable	6,312
Due from fiduciary funds	60,743
Due from state and federal	798,421
Due from other governments	1,620,702
Other assets	536,745
Inventory	21,403
Capital assets:	
Not being depreciated	33,032,162
Being depreciated, net of accumulated depreciation	42,219,987
Net pension asset - proportionate share	<u>4,809,435</u>
Total Assets	<u>111,637,092</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge from advance refunding	216,366
Pensions	19,453,299
Other postemployment benefits	<u>24,563,165</u>
Total Deferred Outflows of Resources	<u>44,232,830</u>

LIABILITIES

Payables	
Accounts payable	925,909
Accrued liabilities	850,350
Due to teachers' retirement system	2,846,880
Due to employees' retirement system	310,213
Compensated absences payable	138,012
Notes payable: bond anticipation	29,270,000
Unearned credits: collections in advance	35,235
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,040,481
Energy performance contract payable	303,885
Compensated absences payable	215,000
Workers' compensation liabilities	430,000
Due and payable after one year	
Bonds payable, net	19,682,741
Energy performance contract payable	2,502,924
Compensated absences payable	3,664,620
Workers' compensation liabilities	679,378
Net pension liability - proportionate share	5,984,462
Total other postemployment benefits liability	<u>102,505,656</u>
Total Liabilities	<u>173,385,746</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	6,608,006
Other postemployment benefits	<u>16,949,333</u>
Total Deferred Inflows of Resources	<u>23,557,339</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>32,607,722</u>
Restricted	
Workers' compensation	1,136,896
Unemployment insurance	176,750
Retirement contribution	
Teachers' retirement system	294,441
Employees' retirement system	2,828,354
Employee benefit accrued liability	<u>2,824,997</u>
	<u>7,261,438</u>
Unrestricted (deficit)	<u>(80,942,323)</u>
Net Position (Deficit)	<u>\$ (41,073,163)</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	\$ 10,865,236	\$	\$	\$ (10,865,236)
Instruction	67,720,495	555,516	907,683	(65,806,113)
Pupil transportation	1,364,886			(1,364,886)
Debt service - interest	1,466,530			(1,466,530)
Food service program	721,093	355,400	204,760	(160,933)
Total Functions and Programs	\$ 82,138,240	\$ 910,916	\$ 1,112,443	\$ 451,183
GENERAL REVENUES				
Real property taxes				47,777,533
Other tax items				4,190,462
Use of money and property				256,458
Sale of property and compensation for loss				206,299
Miscellaneous				801,587
State sources				18,281,054
Medicaid reimbursement				41,350
Total General Revenues				71,554,743
Change in Net Position				(8,108,955)
Total Net Position (Deficit) - Beginning of Year, Restated				(32,964,208)
Total Net Position (Deficit) - End of Year				\$ (41,073,163)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	School Food Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	\$ 9,365,229	\$ 99,215	\$ 28,034	\$ 234,884	\$ 9,727,362
Restricted	7,261,438			11,542,382	18,803,820
Receivables					
Accounts receivable	2,771		3,541		6,312
Due from other funds	538,480			300,454	838,934
Due from state and federal	361,393	397,162	30,910	8,956	798,421
Due from other governments	1,620,702				1,620,702
Other assets	536,745				536,745
Inventory			21,403		21,403
Total Assets	\$ 19,686,758	\$ 496,377	\$ 83,888	\$ 12,086,676	\$ 32,353,699
LIABILITIES					
Payables					
Accounts payable	\$ 689,170	\$ 28,007	\$ 3,581	\$ 205,151	\$ 925,909
Accrued liabilities	160,256				160,256
Due to other funds	300,454	468,370	412	8,955	778,191
Due to teachers' retirement system	2,846,880				2,846,880
Due to employees' retirement system	310,213				310,213
Compensated absences payable	138,012				138,012
Notes payable: bond anticipation				29,270,000	29,270,000
Unearned credits: collections in advance	2,090		33,145		35,235
Total Liabilities	4,447,075	496,377	37,138	29,484,106	34,464,696
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,020,815			270,103	1,290,918
FUND BALANCES (DEFICIT)					
Nonspendable: Inventory			21,403		21,403
Restricted:					
Workers' compensation	1,136,896				1,136,896
Unemployment insurance	176,750				176,750
Retirement contribution					
Teachers' retirement system	294,441				294,441
Employees' retirement system	2,828,354				2,828,354
Employee benefit accrued liability	2,824,997				2,824,997
Assigned:					
Appropriated fund balance	1,684,000				1,684,000
Unappropriated fund balance	309,198		25,347		334,545
Unassigned: Fund balance (deficit)	4,964,232			(17,667,533)	(12,703,301)
Total Fund Balances (Deficit)	14,218,868	-	46,750	(17,667,533)	(3,401,915)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 19,686,758	\$ 496,377	\$ 83,888	\$ 12,086,676	\$ 32,353,699

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances \$ (3,401,915)

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

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

Original cost of capital assets	\$ 110,908,301	
Less: Accumulated depreciation	<u>(35,656,152)</u>	75,252,149

Proportionate share of long-term asset and liability and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net pension asset - teachers' retirement system	4,809,435	
Deferred outflows of resources	19,453,299	
Net pension liability - employees' retirement system	(5,984,462)	
Deferred inflows of resources	<u>(6,608,006)</u>	11,670,266

Total other postemployment benefits liability and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	24,563,165	
Total other postemployment benefits liability	(102,505,656)	
Deferred inflows of resources	<u>(16,949,333)</u>	(94,891,824)

Deferred charges on advance refunding of bonds, are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.

Deferred charges on advance refunding	672,469	
Less: Accumulated amortization	<u>(456,103)</u>	216,366

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

1,290,918

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on bonds payable/BANs	(690,094)	
Bonds payable, net	(22,723,222)	
Energy performance contract payable	(2,806,809)	
Compensated absences payable	(3,879,620)	
Workers' compensation liabilities	<u>(1,109,378)</u>	(31,209,123)

Total Net Position (Deficit) \$ (41,073,163)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	School Food Service	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 47,777,533	\$	\$	\$	\$ 47,777,533
Other tax items	4,190,462				4,190,462
Charges for services	555,516				555,516
Use of money and property	254,667		1,791		256,458
Sale of property and compensation for loss	668,774			100,000	768,774
Miscellaneous	500,670	35,000			535,670
State sources	18,097,902	212,578	6,445	687,640	19,004,565
Medicaid reimbursement	41,350				41,350
Federal sources		660,105	198,315		858,420
Sales			355,400		355,400
Total Revenues	72,086,874	907,683	561,951	787,640	74,344,148
EXPENDITURES					
General support	8,034,493				8,034,493
Instruction	40,800,837	991,955			41,792,792
Pupil transportation	1,129,324	55,792			1,185,116
Employee benefits	15,300,000		65,804		15,365,804
Debt service					
Principal	3,422,337				3,422,337
Interest	1,431,555				1,431,555
Food service program			650,515		650,515
Capital outlay				14,678,216	14,678,216
Total Expenditures	70,118,546	1,047,747	716,319	14,678,216	86,560,828
Excess (Deficiency) of Revenues Over Expenditures	1,968,328	(140,064)	(154,368)	(13,890,576)	(12,216,680)
OTHER FINANCING SOURCES AND (USES)					
BANs redeemed from appropriations				200,000	200,000
Operating transfers in		140,064			140,064
Operating transfers (out)	(140,064)				(140,064)
Total Other Financing Sources and (Uses)	(140,064)	140,064	-	200,000	200,000
Net Change in Fund Balances	1,828,264	-	(154,368)	(13,690,576)	(12,016,680)
Fund Balances (Deficit) - Beginning of Year	12,390,604		201,118	(3,976,957)	8,614,765
End of Year	\$ 14,218,868	\$ -	\$ 46,750	\$ (17,667,533)	\$ (3,401,915)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances \$ (12,016,680)

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in the prior years when they were earned.

\$ (314,863)

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable	(558,983)	
Increase in workers' compensation liabilities	(151,531)	
	(1,025,377)	(1,025,377)

(1,025,377)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlays and other additions	14,993,224	
Depreciation expense	(1,723,890)	
	13,269,334	13,269,334

13,269,334

Long-Term Debt Transactions Differences

BANs redeemed from general fund appropriations are an other financing source in the governmental funds, but do not affect the Statement of Activities.

(200,000)

Amortization of bond premiums and deferred charges on the advance refunding of bonds do not affect the governmental funds, but are recorded in the Statement of Activities.

Amortization of bond premiums	208,191	
Amortization of deferred charges	(73,457)	
	134,734	134,734

134,734

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond principal	2,925,000	
Repayment of BAN principal	200,000	
Repayment of energy performance contract	297,337	

2,925,000
200,000
297,337

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from June 30, 2019 to June 30, 2020.

(169,709)

3,187,362

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system	(3,240,676)	
Employees' retirement system	(1,003,006)	
Other postemployment benefits	(7,279,912)	
	(11,523,594)	(11,523,594)

(11,523,594)

Change in Net Position of Governmental Activities

\$ (8,108,955)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2020

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 204,002	\$
Restricted		<u>111,023</u>
Total Assets	<u>\$ 204,002</u>	<u>111,023</u>
 LIABILITIES		
Extraclassroom activity balances	\$ 92,502	
Due to governmental funds	60,743	
Other liabilities	<u>50,757</u>	
Total Liabilities	<u>\$ 204,002</u>	<u>-</u>
 NET POSITION		
Restricted for scholarships		<u>\$ 111,023</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ 27,811
DEDUCTIONS	
Scholarships and awards	<u>12,450</u>
Change in Net Position	15,361
Net Position - Beginning of Year	<u>95,662</u>
Net Position - End of Year	<u><u>\$ 111,023</u></u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bayport-Blue Point Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

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

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

School Food Service Fund - is used to account for the activities of the food service program.

Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets.

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following are the District's fiduciary funds:

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than November 1st and become a lien on December 1st. Taxes are collected by the towns of Brookhaven and Islip and remitted to the District from December to June.

The District also levies the real property taxes for the Bayport-Blue Point Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in monthly installments. These pass-through amounts are not included in the District's real property tax revenues.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

F. Restricted Resources

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

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of capital assets.

I. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

K. Other Assets

The District carries split dollar life insurance policies for certain current and former administrators. The total cash surrender value of these policies are carried as a long-term asset and included in net position.

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

M. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 15,000	50 years
Site improvements	15,000	20 years
Furniture and equipment	5,000	5-20 years
Licensed vehicles	5,000	5-10 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on a weighted average basis over the remaining life of the new debt. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

O. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

P. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as amounts collected for school lunch (prepaid lunches). These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Q. Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations and amounts due from other governments. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents changes in the total other postemployment benefits liability not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the private purpose trust fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District’s general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318 restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year’s budget.

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

2. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2021	GASB No. 84 - <i>Fiduciary Activities</i>
June 30, 2022	GASB No. 87 - <i>Leases</i>

GASB Statement No. 84 will require the District to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Program costs funded by insurance recoveries	\$ 24,834
Contingent expenditures funded by donations	<u>15,082</u>
	<u>\$ 39,916</u>

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

D. Capital Projects Fund

The capital projects fund has a fund balance deficit of \$17,667,533. This will be funded when the District obtains permanent financing for its ongoing construction projects.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed \$5,024,383 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,145,745. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2020 consisted of:

General Fund	
New York State -excess cost aid	\$ 338,879
New York State -general aid	22,514
	<u>361,393</u>
Special Aid Fund	
Federal and state grants	397,162
School Food Service	
Federal and state food service program reimbursements	30,910
Capital Projects Fund	
New York State - Smart Schools Bond Act	8,956
	<u>\$ 798,421</u>

District management expects these amounts to be fully collectible.

8. DUE FROM OTHER GOVERNMENTS

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

General Fund	
BOCES aid	\$ 1,261,039
Bayport-Blue Point Public Library for debt payments	300,917
Other districts - charges for services	58,746
	<u>\$ 1,620,702</u>

District management expects these amounts to be fully collectible.

9. OTHER ASSETS

The District has provided life insurance policies with split dollar provisions for certain of its current and former employees. The split dollar provisions provide for the payment of insurance proceeds to the District upon the demise of the insured, which is limited to the amount of the premiums paid into the policy by the District.

At June 30, 2020, total cash surrender value for these policies amounted to \$536,745, which has been recorded as other assets in the general fund. The corresponding revenue to this receivable is included in unavailable revenues and will be recognized in the year that the proceeds are received. The amount of the premiums paid by the District for the remaining policies was not available.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 175,681	\$	\$	\$ 175,681
Construction in progress	18,178,265	14,678,216		32,856,481
Total capital assets not being depreciated	18,353,946	14,678,216	-	33,032,162
Capital assets being depreciated:				
Buildings and improvements	75,228,769			75,228,769
Site improvements	732,275			732,275
Furniture and equipment	1,053,282	217,110		1,270,392
Licensed vehicles	597,138	97,898	(50,333)	644,703
Total capital assets being depreciated	77,611,464	315,008	(50,333)	77,876,139
Less accumulated depreciation for:				
Buildings and improvements	32,219,191	1,574,856		33,794,047
Site improvements	611,840	21,045		632,885
Furniture and equipment	770,615	84,410		855,025
Licensed vehicles	380,949	43,579	(50,333)	374,195
Total accumulated depreciation	33,982,595	1,723,890	(50,333)	35,656,152
Total capital assets, being depreciated, net	43,628,869	(1,408,882)	-	42,219,987
Capital assets, net	\$ 61,982,815	\$ 13,269,334	\$ -	\$ 75,252,149

Depreciation expense was charged to governmental functions as follows:

General support	\$ 57,479
Instruction	1,656,680
Pupil transportation	4,957
Food service program	4,774
Total depreciation expense	\$ 1,723,890

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2020, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 538,480	\$ 300,454	\$	\$ 140,064
Special Aid Fund		468,370	140,064	
School Food Service Fund		412		
Capital Projects Fund	300,454	8,955		
Total Governmental Funds	<u>838,934</u>	<u>778,191</u>	<u>\$ 140,064</u>	<u>\$ 140,064</u>
Fiduciary Funds		60,743		
Total	<u>\$ 838,934</u>	<u>\$ 838,934</u>		

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the Section 4408 summer placement program. Interfund payable balances are expected to be repaid within one year.

12. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance July 1, 2019	Issued	Redeemed	Balance June 30, 2020
BAN	2/7/2020	2.75%	\$ 5,185,000	\$	\$ (5,185,000)	\$ -
TAN	6/25/2020	2.00%	-	13,500,000	(13,500,000)	-
BAN	7/17/2020	2.25%	-	16,435,000		16,435,000
BAN	2/5/2021	2.00%	-	12,835,000		12,835,000
			<u>\$ 5,185,000</u>	<u>\$ 42,770,000</u>	<u>\$ (18,685,000)</u>	<u>\$ 29,270,000</u>

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

Interest paid, net of premiums	\$ 257,522
Less interest accrued in the prior year	(59,400)
Plus interest accrued in the current year	<u>453,278</u>
Total interest expense on short-term debt	<u>\$ 651,400</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pensions and other postemployment benefits obligations, for the year are summarized below.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 25,035,000	\$	\$ (2,925,000)	\$ 22,110,000	\$ 2,860,000
Add: Deferred premium on refunding	821,414		(208,192)	613,222	180,481
	25,856,414		(3,133,192)	22,723,222	3,040,481
Energy performance contract	3,104,146		(297,337)	2,806,809	303,885
	28,960,560	-	(3,430,529)	25,530,031	3,344,366
<u>Other long-term liabilities:</u>					
Compensated absences	3,320,637	558,983		3,879,620	215,000
Workers' compensation	957,847	690,023	(538,492)	1,109,378	430,000
	4,278,484	1,249,006	(538,492)	4,988,998	645,000
	<u>\$ 33,239,044</u>	<u>\$ 1,249,006</u>	<u>\$ (3,969,021)</u>	<u>\$ 30,519,029</u>	<u>\$ 3,989,366</u>

The general fund has typically been used to liquidate other long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Serial bonds - advance refunding	1/9/2013	10/1/2024	2.0-4.0%	\$ 1,690,000
Serial bonds - advance refunding	6/19/2014	9/15/2025	2.0-5.0%	7,290,000
Serial bonds - advance refunding	6/2/2016	4/15/2021	3.0-5.0%	680,000
Serial bonds	10/4/2018	10/1/2033	3.00-3.25%	12,450,000
				<u>\$ 22,110,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,860,000	\$ 792,718	\$ 3,652,718
2022	2,245,000	674,094	2,919,094
2023	2,315,000	579,394	2,894,394
2024	2,415,000	480,819	2,895,819
2025	2,525,000	377,644	2,902,644
2026 - 2030	5,900,000	981,469	6,881,469
2031 - 2034	3,850,000	245,859	4,095,859
Total	<u>\$ 22,110,000</u>	<u>\$ 4,131,997</u>	<u>\$ 26,241,997</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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C. Advance Refunding

In the district-wide statements, the District is amortizing deferred charges on the prior year's advanced refunding and a refunding bond premium as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase (Decrease)
2021	\$ 63,680	\$ (180,481)	\$ (116,801)
2022	53,385	(151,303)	(97,918)
2023	42,548	(120,588)	(78,040)
2024	31,145	(88,271)	(57,126)
2025	19,130	(54,218)	(35,088)
Thereafter	6,478	(18,361)	(11,883)
Total	<u>\$ 216,366</u>	<u>\$ (613,222)</u>	<u>\$ (396,856)</u>

D. Energy Performance Contract

Energy performance contract debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Energy performance contract	5/23/2013	11/15/2028	2.19%	<u>\$ 2,806,809</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 303,885	\$ 59,815	\$ 363,700
2022	310,577	53,123	363,700
2023	317,416	46,284	363,700
2024	324,405	39,294	363,699
2025	331,549	32,151	363,700
2026 - 2029	1,218,977	53,973	1,272,950
Total	<u>\$ 2,806,809</u>	<u>\$ 284,640</u>	<u>\$ 3,091,449</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Interest Expense

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

Interest paid	\$ 1,174,033
Less interest accrued in the prior year	(460,985)
Plus interest accrued in the current year	236,816
Less amortization of deferred amounts on refunding	<u>(134,734)</u>
Total interest expense on long-term debt	<u>\$ 815,130</u>

F. Unissued Debt

On November 17, 2015, the voters approved a bond issue not to exceed \$29,900,000 to partially reconstruct and construct improvements to District buildings and sites. As of June 30, 2020, bond anticipation notes have been redeemed for \$250,000, and \$13,215,000 of serial bonds have been issued. The amount of unissued bonds at June 30, 2020 is \$16,435,000.

14. LIBRARY BOND

During the prior year, the voters of the Bayport-Blue Point Union Free School District (the District) authorized the Board of Education to purchase, construct improvements and alterations for a new library on behalf of the Bayport - Blue Point Public Library (the Library). The voter approved authorized amount was not to exceed the estimated total cost of \$16,847,800, and to levy and collect a tax in installments to pay the principal of and interest on the \$16,847,800 serial bonds.

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

On February 6, 2020, the District issued \$12,835,000 in bond anticipation notes on behalf of the Library, which mature on February 5, 2021. As of June 30, 2020, the District has incurred expenditures totaling \$4,373,741 that have been recorded in the capital projects fund.

15. PENSION PLANS - NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.10% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020 was \$2,765,386 for TRS at the contribution rate of 8.86% and \$1,029,746 for ERS at an average contribution rate of 14.10%.

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NOTES TO FINANCIAL STATEMENTS
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D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2019, for TRS and March 31, 2020 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 4,809,435	\$ (5,984,462)
District's portion of the Plan's total net pension asset/(liability)	0.185120%	0.0225994%
Change in proportion since the prior measurement date	(0.000094)	(0.0007535)

For the year ended June 30, 2020, the District recognized pension expense of \$6,008,052 for TRS and \$2,102,301 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 3,259,231	\$ 352,210	\$ 357,639	\$
Changes of assumptions	9,085,666	120,499	2,215,342	104,049
Net difference between projected and actual earnings on pension plan investments		3,067,926	3,856,919	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	327,371	164,797	36,665	37,392
District contributions subsequent to the measurement date	<u>2,765,386</u>	<u>310,213</u>		
Total	<u>\$ 15,437,654</u>	<u>\$ 4,015,645</u>	<u>\$ 6,466,565</u>	<u>\$ 141,441</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2021	\$ 2,240,085	\$ 622,841
2022	202,292	894,403
2023	2,232,199	1,134,978
2024	1,500,803	911,769
2025	186,242	
Thereafter	(155,918)	
	<u>\$ 6,205,703</u>	<u>\$ 3,563,991</u>

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Inflation	2.20%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.10%	6.80%
Cost of living adjustments	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2020
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternative investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset (liability)	\$ (21,709,287)	\$ 4,809,435	\$ 27,055,650

ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset (liability)	\$ (10,983,178)	\$ (5,984,462)	\$ (1,380,624)

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	\$ (119,879,474)	\$ (194,596,261)
Plan fiduciary net position	122,477,481	168,115,682
Employers' net pension asset/(liability)	\$ 2,598,007	\$ (26,480,579)
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%	86.39%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$2,765,386 of employer contributions and \$81,494 of employee contributions.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

For ERS, employer contributions are paid annually based on the system’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$310,213 of employer contributions. Employee contributions are remitted monthly.

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$138,013 and \$1,537,947, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$170,825.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	231
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	254
	485

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NOTES TO FINANCIAL STATEMENTS
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B. Total OPEB Liability

The District's total OPEB liability of \$102,505,656 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%	average, including inflation
Discount rate	3.50%	
Healthcare cost trend rates	9.50%	decreasing by 0.5% per year to an ultimate rate of 5.0% in 2029
Retirees' share of benefit-related costs	10-30%	of projected health insurance premiums for retirees

The discount rate was based on the index provided by Bond Buyer 20 - Bond General Obligation Index based on the 20 year AA municipal bond rate.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (base year 2006).

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 98,224,655</u>
Changes for the year	
Service cost	3,505,494
Interest	3,392,073
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(2,616,566)</u>
	<u>4,281,001</u>
Balance at June 30, 2020	<u>\$ 102,505,656</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

OPEB	1% Decrease 2.50 %	Discount Rate 3.50 %	1% Increase 4.50 %
Total OPEB liability	\$ 116,405,674	\$ 102,505,656	\$ 91,758,446

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.5%) or 1 percentage point higher (10.5%) than the current healthcare cost trend rate:

OPEB	1% Decrease 8.50 % increasing to 4.00 %	Healthcare Cost Trend Rates 9.50 % increasing to 5.00 %	1% Increase 10.50 % increasing to 6.00 %
Total OPEB liability	\$ 83,158,755	\$ 102,505,656	\$ 128,106,482

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$9,896,479. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 14,599,233	\$ 16,949,333
Changes of assumptions or other inputs	9,963,932	
Total	\$ 24,563,165	\$ 16,949,333

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

Year Ending June 30,	Amount
2021	\$ 2,998,912
2022	2,998,912
2023	2,998,912
2024	1,727,489
Thereafter	(3,110,393)
	\$ 7,613,832

18. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of certain state aid allocations, split dollar life insurance receivables and amounts due from other governments, which are unavailable. Beginning in June 2020, 20% of aid amounts payable to the District were effectively withheld by the State, in response to revenue losses coupled with increased costs on the state level due to COVID-19. Unavailable revenues from New York State for local aid payments at June 30, 2020, is \$183,152. Deferred amounts for split dollar life insurance and amounts due from other governments for bond repayment and redemption totaled \$536,746 and \$300,917, respectively. Unavailable revenues in the general fund at June 30, 2020, equal \$1,020,815.

Also included in the governmental fund financial statements in the capital projects fund as deferred inflows of resources, at June 30, 2020, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Amounts deferred related to Smart Schools Bond Act total \$8,955. In addition, bond anticipation note (BAN) premiums are recorded as deferred inflows of resources at June 30, 2020. These premiums will be recognized upon BAN maturity in the following year. Deferred BAN premiums at June 30, 2020 totaled \$261,148. Unavailable revenues, in the capital projects fund at June 30, 2020, total \$270,103.

19. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts reported that remain unpaid at year-end. Claims activity is summarized below:

	2019	2020
Unpaid claims at beginning of year	\$ 1,312,524	\$ 957,847
Incurred claims and claim adjustment expenses	270,385	690,023
Claim payments	(625,062)	(538,492)
Unpaid claims at year end	\$ 957,847	\$ 1,109,378

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$1,684,000 has been appropriated to reduce taxes for the year ending June 30, 2021.

21. RESTATEMENT OF TOTAL NET POSITION (DEFICIT)

Included in other assets is the District's investment in life insurance policies for certain current and former employees. The asset was valued at the amount of the cash surrender value of each policy; however, the split dollar provisions provide for the payment of insurance proceeds to the District upon the death of the insured or surrender of the policy to be limited to the premiums paid into the policy by the District. The following activity took place in 2020:

Cash received for insurance policies surrendered	\$ 516,322
Cash surrender value recorded in other assets	1,052,629
Restatement	(536,307)
Total Net Position (Deficit) before restatement	(32,427,901)
Total Net Position (Deficit) - restated	\$(32,964,208)

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund	
General Support	\$ 206,380
Instruction	99,318
Pupil Transportation	3,500
	309,198
Capital Projects Fund	
Renovations	2,270,987
Smart Schools Bond Act	20,464
	2,291,451
	\$ 2,600,649

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes the outcome of any matters will not have a material effect on these financial statements.

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$62,768. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	<u>\$ 16,675</u>

23. SUBSEQUENT EVENTS

The District has evaluated subsequent events through, the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

A. Issuance of BANs

On July 16, 2020, the District issued bond anticipation notes in the amount of \$16,435,000, which are due July 16, 2021 and bear interest at a stated interest rate of 1.25%. The District received a premium of \$131,151 with the borrowing to yield an effective interest rate of 0.45%.

B. Issuance of TANs

On September 22, 2020, the District issued tax anticipation notes in the amount of \$14,500,000, which are due June 25, 2021 and bear interest at a stated interest rate of 1.50%. The District received a premium of \$130,500 with the borrowing to yield an effective interest rate of 0.31%.

C. Impact of COVID-19

On March 11, 2020, coronavirus disease (COVID-19) was declared a pandemic. COVID-19 is an international, national and New York State public health emergency. As such, the COVID-19 outbreak is disrupting business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the State, all of which are uncertain and cannot be predicted.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 51,963,500	\$ 47,775,258	\$ 47,777,533	\$ 2,275
Other tax items	500,000	4,688,242	4,190,462	(497,780)
Charges for services	466,000	466,000	555,516	89,516
Use of money and property	369,500	369,500	254,667	(114,833)
Sale of property and compensation for loss	5,000	109,834	668,774	558,940
Miscellaneous	549,191	484,273	500,670	16,397
Total Local Sources	53,853,191	53,893,107	53,947,622	54,515
State Sources	17,851,775	17,869,775	18,097,902	228,127
Medicaid Reimbursement	55,000	37,000	41,350	4,350
Total Revenues	71,759,966	71,799,882	72,086,874	\$ 286,992
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,684,000	1,684,000		
Prior Year's Encumbrances	579,302	579,302		
Total Appropriated Fund Balance	2,263,302	2,263,302		
Total Revenues and Appropriated Fund Balance	\$ 74,023,268	\$ 74,063,184		

Note to Required Supplementary Information

Budget Basis of Accounting

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

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 101,663	\$ 99,009	\$ 77,624	\$	\$ 21,385
Central administration	399,027	403,388	396,641		6,747
Finance	801,503	824,608	755,048	54,570	14,990
Staff	547,756	616,994	577,992	22,302	16,700
Central services	5,853,265	6,253,568	5,506,037	129,508	618,023
Special items	692,818	724,582	721,151		3,431
Total General Support	8,396,032	8,922,149	8,034,493	206,380	681,276
Instruction					
Administration & improvement	1,751,978	1,748,033	1,674,558		73,475
Teaching - regular school	24,151,201	24,239,874	23,896,689	29,366	313,819
Programs for students with disabilities	10,313,503	10,242,060	9,490,134	407	751,519
Occupational education	258,802	258,802	249,210		9,592
Teaching - special schools	37,220	47,220	36,429		10,791
Instructional media	1,799,909	2,054,475	1,918,030	69,545	66,900
Pupil services	3,805,286	3,685,546	3,535,787		149,759
Total Instruction	42,117,899	42,276,010	40,800,837	99,318	1,375,855
Pupil Transportation	1,736,809	1,743,383	1,129,324	3,500	610,559
Employee Benefits	16,814,939	15,885,718	15,300,000		585,718
Debt Service					
Principal	3,222,337	3,422,337	3,422,337		-
Interest	1,653,252	1,575,252	1,431,555		143,697
Total Debt Service	4,875,589	4,997,589	4,853,892	-	143,697
Total Expenditures	73,941,268	73,824,849	70,118,546	309,198	3,397,105
OTHER USES					
Operating Transfers Out	82,000	238,335	140,064		98,271
Total Expenditures and Other Uses	\$ 74,023,268	\$ 74,063,184	70,258,610	\$ 309,198	\$ 3,495,376
Net Change in Fund Balance			1,828,264		
Fund Balance - Beginning of Year			12,390,604		
Fund Balance - End of Year			<u>\$ 14,218,868</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
 Last Six Fiscal Years

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.185120%	0.185214%	0.186405%	0.192156%	0.193011%	0.191164%
District's proportionate share of the net pension asset/(liability)	\$ 4,809,435	\$ 3,349,164	\$ 1,416,863	\$ (2,058,075)	\$ 20,047,664	\$ 21,294,507
District's covered payroll	\$ 31,189,228	\$ 30,394,804	\$ 29,873,984	\$ 29,855,844	\$ 29,081,147	\$ 28,418,668
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.42 %	11.02 %	4.74 %	6.89 %	68.94 %	74.93 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0225994%	0.0233529%	0.0233278%	0.0231027%	0.0224819%	0.0218051%
District's proportionate share of the net pension liability	\$ (5,984,462)	\$ (1,654,626)	\$ (752,893)	\$ (2,170,783)	\$ (3,608,404)	\$ (736,631)
District's covered payroll	\$ 7,300,130	\$ 7,059,187	\$ 6,847,738	\$ 6,574,410	\$ 6,553,237	\$ 6,579,613
District's proportionate share of the net pension liability as a percentage of its covered payroll	81.98 %	23.44 %	10.99 %	33.02 %	55.06 %	11.20 %
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
 Last Ten Fiscal Years

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,765,386	\$ 3,279,368	\$ 2,956,596	\$ 3,461,975	\$ 3,931,810	\$ 5,082,392	\$ 4,554,931	\$ 3,270,009	\$ 2,925,444	\$ 2,214,940
Contributions in relation to the contractually required contribution	2,765,386	3,279,368	2,956,596	3,461,975	3,931,810	5,082,392	4,554,931	3,270,009	2,925,444	2,214,940
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$31,931,011	\$31,189,228	\$30,394,804	\$29,873,984	\$29,855,844	\$29,081,147	\$28,418,668	\$27,879,431	\$26,374,249	\$25,848,930
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	17%	16%	12%	11%	9%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,029,746	\$ 950,135	\$ 933,271	\$ 969,373	\$ 1,019,711	\$ 1,155,269	\$ 1,252,436	\$ 1,052,017	\$ 683,503	\$ 656,996
Contributions in relation to the contractually required contribution	1,029,746	950,135	933,271	969,373	1,019,711	1,155,269	1,252,436	1,052,017	683,503	656,996
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,301,396	\$ 7,112,450	\$ 6,889,942	\$ 6,709,942	\$ 6,543,305	\$ 6,479,752	\$ 6,295,783	\$ 6,220,096	\$ 6,016,960	\$ 5,886,189
Contributions as a percentage of covered payroll	14%	13%	14%	14%	16%	18%	20%	17%	11%	11%

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 3,505,494	\$ 3,386,951	\$ 3,741,199
Interest	3,392,073	3,249,817	2,828,320
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(23,238,511)	-
Changes of assumptions or other inputs	-	6,701,948	6,306,600
Benefit payments	<u>(2,616,566)</u>	<u>(2,528,083)</u>	<u>(2,925,802)</u>
Net change in total OPEB liability	4,281,001	(12,427,878)	9,950,317
Total OPEB liability, beginning	<u>98,224,655</u>	<u>110,652,533</u>	<u>100,702,216</u>
Total OPEB liability, ending	<u>\$ 102,505,656</u>	<u>\$ 98,224,655</u>	<u>\$ 110,652,533</u>
Covered employee payroll	\$ 34,339,046	\$ 33,501,508	\$ 31,884,911
Total OPEB liability as a percentage of covered employee payroll	298.51%	293.19%	347.04%
Discount rate	3.50%	3.50%	2.85%
Healthcare trend rates	9.50% to 5.00% by 2029	9.50% to 5.00% by 2029	9.50% to 5.00% by 2027

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

Note to Required Supplementary Information

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

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 73,443,966
Additions:		
Prior year's encumbrances		579,302
Original Budget		74,023,268
Budget revisions		39,916
Final Budget		\$ 74,063,184

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget		\$ 75,603,645
Maximum allowed (4% of 2020-2021 budget)		\$ 3,024,146
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,993,198	
Unassigned fund balance	4,964,232	
		\$ 6,957,430
Less:		
Appropriated fund balance	1,684,000	
Encumbrances	309,198	
Total adjustments		1,993,198
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 4,964,232
Actual Percentage		6.57%

BAYPORT-BLUE POINT UNION FREESCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For The Year Ended June 30, 2020

PROJECT TITLE	Budget June 30, 2019	Budget June 30, 2020	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
2015 Bond Issue											
Phase 1:											
Blue Point Elementary 001-017	\$ 435,490	\$ 435,490	\$ 435,490	\$	\$ 435,490	\$ -	\$ 435,490	\$	\$	\$ 435,490	\$ -
High School Athletic 004-021	3,813,100	3,813,100	3,813,100		3,813,100	-	3,813,100			3,813,100	-
Phase 2:											
Sylvan Ave Elementary 006-013	3,834,999	3,834,999	3,834,999		3,834,999	-	3,834,999			3,834,999	-
Blue Point Elementary Security 001-018	42,563	31,522	30,152	1,370	31,522	-	31,522			31,522	-
Academy St Elementary Security 002-016	62,304	54,164	51,993	2,171	54,164	-	54,164			54,164	-
Sylvan Ave Elementary Security 006-012	92,294	84,235	81,022	3,213	84,235	-	84,235			84,235	-
James Wilson Young Security 011-013	105,518	98,268	93,880	4,388	98,268	-	98,268			98,268	-
High School Security 004-022	113,921	83,799	78,954	4,845	83,799	-	83,799			83,799	-
Phase 3:											
James Wilson Young Renovation 011-014	3,329,729	2,969,536	2,740,177	229,359	2,969,536	-	2,969,536			2,969,536	-
Sylvan Ave Elementary Security 006-015	427,164	423,762	386,260	37,502	423,762	-	423,762			423,762	-
Phase 4:											
Unallocated	1,709,724	1,094,666	752,345		752,345	342,321	1,094,666			1,094,666	342,321
Blue Point Elementary Security 001-019	2,525,464	2,663,228	909,773	1,318,504	2,228,277	434,951	2,663,228			2,663,228	434,951
Academy St Elementary Security 002-017	1,892,544	1,774,138	117,914	1,503,514	1,621,428	152,710	1,774,138			1,774,138	152,710
High School Security 004-023	4,374,086	4,251,662	60,732	3,520,184	3,580,916	670,746	4,251,662			4,251,662	670,746
Sylvan Ave Elementary Security 006-014	1,322,953	1,315,696	70,643	1,012,441	1,083,084	232,612	1,315,696			1,315,696	232,612
James Wilson Young Generator 011-015	173,750	145,656	7,681	136,736	144,417	1,239	114,165		31,491	145,656	1,239
James Wilson Young Renovation 011-016	5,675,888	6,833,660	67,418	5,726,288	5,793,706	1,039,954	6,833,660			6,833,660	1,039,954
High School Elevator Modernization 004-024		23,910		17,320	17,320	6,590	23,910			23,910	6,590
Mercury Abatement	467,500	567,500		498,460	498,460	69,040			567,500	567,500	69,040
Smart Schools Bond Act	1,518,389	1,518,389	802,603	131,309	933,912	584,477		1,518,389		1,518,389	584,477
Library Renovation	16,847,800	16,847,800	3,843,129	530,612	4,373,741	12,474,059	16,847,800			16,847,800	12,474,059
Totals	\$ 48,765,180	\$ 48,865,180	\$ 18,178,265	\$ 14,678,216	\$ 32,856,481	\$ 16,008,699	\$ 46,747,800	\$ 1,518,389	\$ 598,991	\$ 48,865,180	16,008,699
											Unfunded Smart Schools Bond Act (593,432)
											Unissued long-term debt (33,082,800)
											Total fund balance (deficit) \$ (17,667,533)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2020

Capital assets, net	<u>\$ 75,252,149</u>
Deduct:	
Bond anticipation note payable	29,270,000
Less: Unspent BAN proceeds	(11,542,382)
Short-term portion of bonds payable	2,860,000
Long-term portion of bonds payable	19,250,000
Short-term portion of energy performance contract payable	303,885
Long-term portion of energy performance contract payable	<u>2,502,924</u>
	<u>42,644,427</u>
Net investment in capital assets	<u><u>\$ 32,607,722</u></u>

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

To the Board of Education
Bayport-Blue Point Union Free School District
Bayport, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Bayport-Blue Point Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bayport-Blue Point Union Free School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bayport-Blue Point Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bayport-Blue Point Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the Bayport-Blue Point Union Free School District in a separate letter dated November 6, 2020.

Purpose of this Report

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

Cullen & Danowski, LLP

November 6, 2020

