



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

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

June 30, 2021

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 fund of the Bayport-Blue Point Union Free School District (District), as of and for the year ended June 30, 2021, 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 unmodified and qualified opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extraclassroom Activities Fund

The records of the extraclassroom activities fund of the Bayport-Blue Point Union Free School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the "Basis for Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Bayport-Blue Point Union Free School District, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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, other than extraclassroom activities fund, and the fiduciary fund of the Bayport-Blue Point Union Free School District, as of June 30, 2021, 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.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles", the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

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 4 through 16 and 53 through 57, 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 58 through 60 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 1, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 1, 2021

**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, 2021 in comparison with the year ended June 30, 2020, 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 2021 are as follows:

- The District's total net position was a deficit of \$45,306,117 in the district-wide financial statements at June 30, 2021. The deficit increased by \$4,436,479 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 total net position at June 30, 2020 was restated and increased by \$203,525, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$80,268,296. Of this amount, \$2,636,609 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$73,195,208 amount to 96.5% of total revenues, and were not adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$16,077,320 at June 30, 2021. This balance represents a \$1,858,452 increase (13.07%) over the prior year 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, as follows:
 - Restricted fund balances increased by \$2,340,620 due to Board approved funding of and interest allocated to the reserves.
 - Assigned fund balance decreased by \$96,838.
 - Unassigned fund balance decreased by \$385,330 to \$4,578,902.
- The District's 2021 property tax levy of \$53,944,254 was a 3.81% increase over the 2020 tax levy, which was equal to the District's property tax cap.
- In February 2021, the school district issued serial bonds on behalf of the Bayport-Blue Point Public Library in the amount of \$16,445,917. Principal payments are due every February 1st through 2036 with interest payable semi-annually at rates ranging from 1.125% to 1.50%. The debt service on these bonds will not affect the District's tax levy as the Library is responsible for the repayment of principal and interest.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) Programs. As of June 30, 2021, the District has expended \$135,197 of program allocations.
- The budget for the 2021-2022 school year in the amount of \$76,972,535, which is an increase of 1.81% over the prior year, was approved by the voters on May 18, 2021. The property tax levy of \$55,530,215 was a 2.94% increase, which was less than the allowable tax cap levy limit of 4.22%.

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. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other facilities.

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 fund.

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

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

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.

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 six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activities fund and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. 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

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities and scholarships funds as separate governmental funds. The changes resulted in an increase in total net position. The following is a summary of these changes:

	<u>As Restated</u> 2020	<u>As Reported</u> 2020	<u>Increase</u> <u>(Decrease)</u>
Current and Other Assets	\$ 31,829,790	\$ 31,575,508	\$ 254,282
Current and Other Liabilities	34,427,356	34,376,599	50,757
Restricted Net Position	7,372,461	7,261,438	111,023
Unrestricted Net Position (Deficit)	(80,849,821)	(80,942,323)	92,502
Total Net Position (Deficit)	(40,869,638)	(41,073,163)	203,525

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

The decrease in current and other liabilities is primarily attributable to the decrease in the outstanding balance of bond anticipation notes (BAN) payable at year-end as the Library BAN was paid off and permanent financing was issued. In addition, decreases in accrued liabilities were offset by an increase in the amount due to the teachers' retirement system.

The increase in long-term liabilities is primarily the result of the District issuing serial bonds on behalf of the Bayport-Blue Point Public Library. Additionally, the liabilities for compensated absences and workers' compensation also increased over the prior year. These increases were offset by 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. The accompanying Notes to Financial Statements, Note 14 "Long-Term Liabilities", provides additional information.

Net pension liabilities – 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 of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 16 "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 18 "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 Board approved additions and interest earnings 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 the OPEB liability.

B. Changes in Net Position

The June 30, 2020 revenues and expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 1,017,779	\$ 1,307,914	\$ (290,135)
Operating Grants & Contributions	1,140,254	1,112,443	27,811
Instruction Expense	67,846,904	67,720,495	126,409

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

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

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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>As Restated 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 682,911	\$ 1,017,779	\$ (334,868)	(32.90)%
Operating Grants & Contributions	1,897,296	1,140,254	757,042	66.39 %
Capital Grants	56,402	451,183	(394,781)	(87.50)%
General Revenues				
Property Taxes & STAR	53,944,254	51,965,775	1,978,479	3.81 %
State Sources	17,862,536	18,281,054	(418,518)	(2.29)%
Other	1,388,418	1,307,914	80,504	6.16 %
Total Revenues	<u>75,831,817</u>	<u>74,163,959</u>	<u>1,667,858</u>	2.25 %
Expenses				
General Support	10,861,991	10,865,236	(3,245)	(0.03)%
Instruction	65,791,144	67,846,904	(2,055,760)	(3.03)%
Pupil Transportation	1,636,299	1,364,886	271,413	19.89 %
Debt Service - Interest	1,182,431	1,466,530	(284,099)	(19.37)%
Food Service Program	796,431	721,093	75,338	10.45 %
Total Expenses	<u>80,268,296</u>	<u>82,264,649</u>	<u>(1,996,353)</u>	(2.43)%
Change in Net Position	<u>\$ (4,436,479)</u>	<u>\$ (8,100,690)</u>	<u>\$ 3,664,211</u>	45.23 %

The change in net position represents the District's operating profit or loss using the economic resources measurement focus and the accrual basis of accounting. For the year ended June 30, 2021, the loss was \$4,436,479 compared to a loss of \$8,100,690 in the prior year.

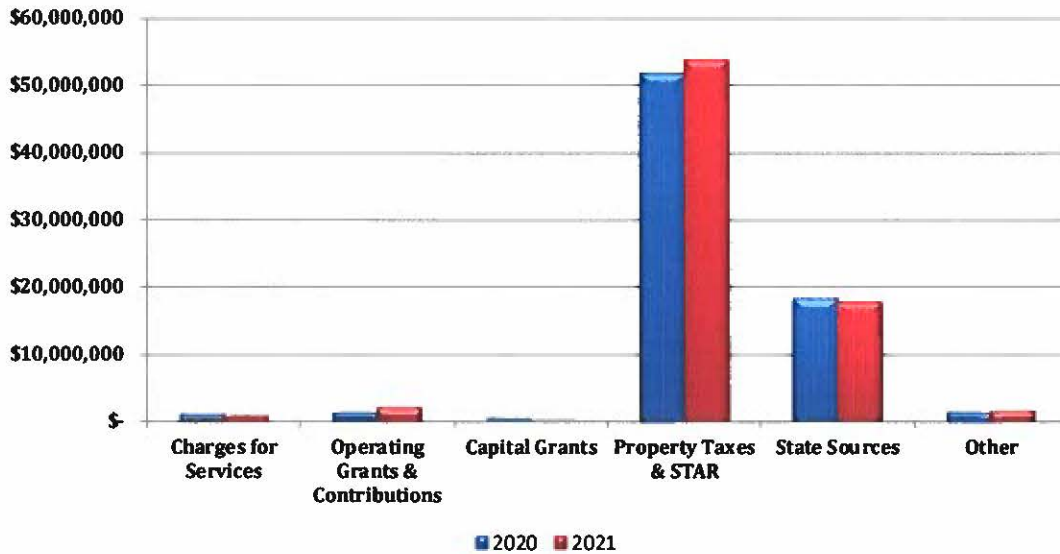
Revenues increased by \$1,667,858 or 2.25%, as compared to the prior year. The increase was the result of increases in property taxes and STAR, and operating grants and contributions, offset by decreases in state aid, charges for services and capital grants.

The District's total expenses for the year decreased by \$1,996,353 or 2.43%. The decrease in expenses is primarily due to decreases in instruction and debt service-interest, offset by an increase in pupil transportation. The primary reason for the decrease in instruction is due to the impact of the net change in the actuarially determined pension expenses for TRS and ERS. Debt service - interest decreased due to the decrease in accruals related to outstanding bond anticipation notes payable. Pupil transportation expenses increased due to the fact that the District had incurred a full year of transportation costs as there were no extended closures for COVID-19.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 71.1% and 70.1% of the total for the years ended June 30, 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.0% and 82.4% of the total for the years ended June 30, 2021 and 2020, respectively).

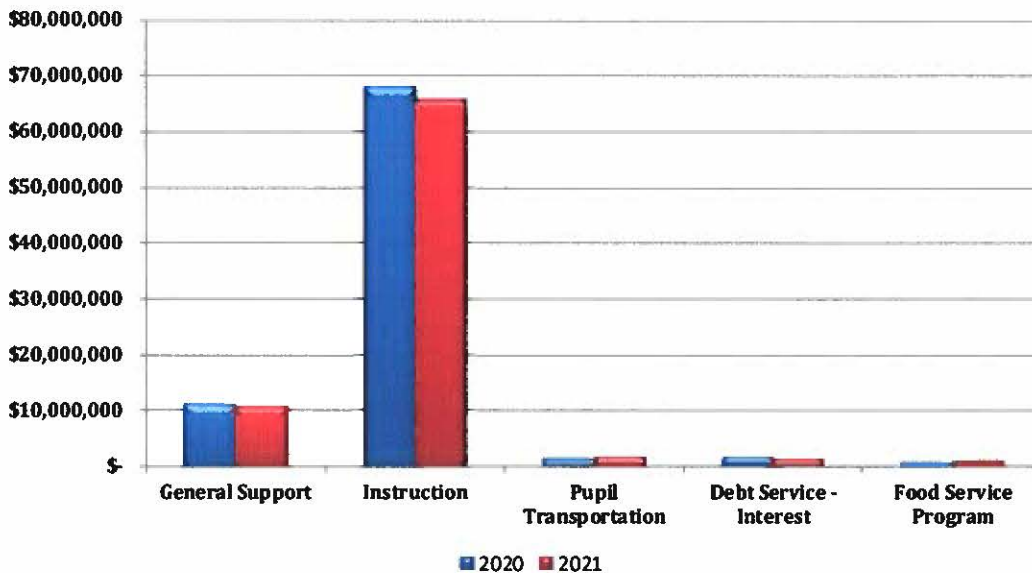
**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other
2020	1.4%	1.5%	0.6%	70.1%	24.6%	1.8%
2021	0.9%	2.5%	0.1%	71.1%	23.6%	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
2020	13.2%	82.4%	1.7%	1.8%	0.9%
2021	13.5%	82.0%	2.0%	1.5%	1.0%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$4,639,097, which is an increase of \$7,837,487 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarships funds, as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. A summary of the change in the components of fund balance by fund is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Workers' compensation	\$ 1,139,216	\$ 1,136,896	\$ 2,320	0.20 %
Unemployment insurance	177,111	176,750	361	0.20 %
Retirement contribution				
Teachers' retirement system	895,042	294,441	600,601	203.98 %
Employees' retirement system	4,294,928	2,828,354	1,466,574	51.85 %
Employee benefit accrued liability	3,095,761	2,824,997	270,764	9.58 %
Assigned:				
Appropriated fund balance	1,684,000	1,684,000	-	0.00 %
Unappropriated fund balance	212,360	309,198	(96,838)	(31.32)%
Unassigned: Fund balance	4,578,902	4,964,232	(385,330)	(7.76)%
	<u>16,077,320</u>	<u>14,218,868</u>	<u>1,858,452</u>	<u>13.07 %</u>
School Food Service Fund				
Nonspendable: Inventory	17,738	21,403	(3,665)	(17.12)%
Assigned: Unappropriated fund balance	88,877	25,347	63,530	250.64 %
	<u>106,615</u>	<u>46,750</u>	<u>59,865</u>	<u>128.05 %</u>
Capital Projects Fund				
Restricted: Unspent bond proceeds	4,332,643		4,332,643	
Unassigned: Fund balance (deficit)	(16,064,124)	(17,667,533)	1,603,409	9.08 %
	<u>(11,731,481)</u>	<u>(17,667,533)</u>	<u>5,936,052</u>	
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	78,174	92,502	(14,328)	(15.49)%
Scholarships Fund				
Restricted: Scholarships	108,469	111,023	(2,554)	(2.30)%
Total Fund Balance (Deficit)	<u>\$ 4,639,097</u>	<u>\$ (3,198,390)</u>	<u>\$ 7,837,487</u>	<u>(245.04)%</u>

A. General Fund

The net change in the general fund – fund balance is an increase of \$1,858,452 compared to an increase of \$1,828,264 in 2020. This resulted from expenditures and other financing uses in excess of revenues.

The general fund's revenues increased by \$2,156,234 or 2.99%, as compared to the prior year. This increase is primarily attributable to the increase in property taxes, which is due to an increase in the tax levy in accordance with the 2020-2021 budget.

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

Expenditures and other financing uses increased by \$2,216,046 or 3.03% over the prior year. This increase was primarily due to increases in general support, instruction, pupil transportation and employee benefits, offset by the decrease in operating transfers out.

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

	Balance @ June 30, 2020	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	\$ 1,136,896	\$ 2,320	\$	\$ 1,139,216	\$ 270,357
Unemployment insurance	176,750	361		177,111	
Retirement contribution					
TRS	294,441	601	600,000	895,042	
ERS	2,828,354	5,771	1,460,803	4,294,928	500,000
EBALR	2,824,997	5,764	265,000	3,095,761	
	<u>\$ 7,261,438</u>	<u>\$ 14,817</u>	<u>\$ 2,325,803</u>	<u>\$ 9,602,058</u>	<u>\$ 770,357</u>

B. School Food Service Fund

The school food service fund – fund balance increased by \$59,865, which was the operating profit of the food service program. The operating profit is directly attributed to an increase in state and federal reimbursements due to an Executive Order from New York State allowing for the distribution of free meals to students regardless of their eligibility status.

C. Capital Projects Fund

The net change in the capital projects fund's fund balance is an increase of \$5,936,052, which decreased the accumulated deficit to \$(11,731,481). In the current year, the District recorded revenues and other financing sources of \$16,713,157 in excess of capital expenditures of \$10,777,105. Included in the other financing sources are serial bonds issued on behalf of the Bayport-Blue Point Public Library for \$16,445,917. The June 30, 2021 deficit will be eliminated when permanent financing is received in the form of serial bonds related to the balance of the District's ongoing construction projects.

D. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of \$14,328, which represents the operating loss of the fund for the 2020-2021 fiscal year. Expenditures of \$66,792 exceeded revenues received and interest earnings of \$52,318 and \$146, respectively.

E. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$2,554, as scholarship awards of \$21,450 exceeded donations and interest earnings of \$18,710 and \$186, respectively.

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$75,603,646. This amount was increased by encumbrances carried forward from the prior year in the amount of \$309,198 and budget revisions in the amount of \$208,825 for a total final budget of \$76,121,669.

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 current and 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	\$ 4,964,232
Revenues Over Budget	114,637
Expenditures and Encumbrances Under Budget	3,524,653
Allocation to Reserves	(2,340,620)
Appropriated to Fund the June 30, 2022 Budget	<u>(1,684,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 4,578,902</u>

Opening, Unassigned Fund Balance

The \$4,964,232 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$74,128,471. Actual revenues recognized of \$74,243,108 exceeded estimated or budgeted revenues by \$114,637. This variance contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. 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 2020-2021 final budget for expenditures was \$76,121,669. Actual expenditures and other uses as of June 30, 2021 were \$72,384,656 and outstanding encumbrances were \$212,360. Combined, the expenditures and other uses plus encumbrances were \$72,597,016. The final budget variance was \$3,524,653, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

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, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 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, 2021 was \$4,578,902. This amount exceeds the statutory limit established by New York State Real Property Tax Law §1318.

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

A. Capital Assets

At June 30, 2021, 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 \$10,981,957 in excess of depreciation expense of \$1,716,220 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Land	\$ 175,681	\$ 175,681	\$ -
Construction in progress	43,633,586	32,856,481	10,777,105
Buildings and improvements	39,872,391	41,434,722	(1,562,331)
Site improvements	78,623	99,390	(20,767)
Furniture and equipment	470,813	415,367	55,446
Licensed vehicles	286,792	270,508	16,284
	<u>\$ 84,517,886</u>	<u>\$ 75,252,149</u>	<u>\$ 9,265,737</u>

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$35,695,917. The bonds were issued for school building improvements, or the refunding of bonds originally issued for school building improvements. Additionally, serial bonds were issued during the current year on behalf of the Bayport-Blue Point Public Library for \$16,445,917. The District also had energy performance contract debt outstanding in the amount of \$2,502,924, which was issued to perform district-wide energy efficient capital improvements. The increase in outstanding debt represents the serial bond issuance, offset by current year principal payments.

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

A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
Bond Anticipation Notes Payable				
7/16/2020	0.43%	\$ 29,270,000	\$ 16,435,000	\$ 12,835,000
Bonds Payable				
1/9/2013	2.0-4.0%	\$ 1,375,000	\$ 1,690,000	\$ (315,000)
6/19/2014	2.0-5.0%	6,225,000	7,290,000	(1,065,000)
6/2/2016	3.0-5.0%		680,000	(680,000)
10/4/2018	3.00-3.25%	11,650,000	12,450,000	(800,000)
2/4/2021	1.125-1.50%	16,445,917		16,445,917
		<u>\$ 35,695,917</u>	<u>\$ 22,110,000</u>	<u>\$ 13,585,917</u>
Energy Performance Contract				
5/23/2013	2.19%	\$ 2,502,924	\$ 2,806,809	\$ (303,885)

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, 2021 are approximately 11.33% of the District's debt limit.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liability, net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Compensated absences	\$ 4,088,057	\$ 3,879,620	\$ 208,437
Workers' compensation liability	1,180,013	1,109,378	70,635
Net pension liabilities - proportionate share	5,103,587	5,984,462	(880,875)
Total OPEB liability	<u>115,652,399</u>	<u>102,505,656</u>	<u>13,146,743</u>
	<u>\$ 126,024,056</u>	<u>\$ 113,479,116</u>	<u>\$ 12,544,940</u>

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 May 18, 2021, for the year ending June 30, 2022, is \$76,972,535. This is an increase of \$1,368,890 or 1.81% over the previous year's budget.

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

The District budgeted revenues other than property taxes and STAR at a \$987,428 decrease from the prior year's estimate, which is principally due to an estimated decrease 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. Additionally, the District plans to appropriate reserves in the amount of \$770,357 to partially fund the budget. A property tax increase of \$1,585,961 (2.94%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing impact of the COVID-19 pandemic, will 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 2021-2022 property tax increase of 2.94% was less than the property tax levy limit of 4.22% and did not require an override vote.

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. Louis Frontario
Interim 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, 2021

ASSETS

Cash	
Unrestricted	\$ 10,082,359
Restricted	14,043,170
Receivables	
Accounts receivable	123,323
Due from state and federal	1,548,405
Due from other governments	709,275
Other assets	535,667
Inventory	17,738
Capital assets:	
Not being depreciated	43,809,267
Being depreciated, net of accumulated depreciation	<u>40,708,619</u>
Total Assets	<u>111,577,823</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge from advance refunding	152,686
Pensions	22,476,275
Other postemployment benefits	<u>36,518,866</u>
Total Deferred Outflows of Resources	<u>59,147,827</u>

LIABILITIES

Payables	
Accounts payable	952,718
Accrued liabilities	622,666
Due to other governments	26
Due to teachers' retirement system	3,188,372
Due to employees' retirement system	358,686
Compensated absences payable	205,569
Other liabilities	191,809
Notes payable: bond anticipation	16,435,000
Unearned credits: collections in advance	30,645
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,412,220
Energy performance contract payable	310,577
Compensated absences payable	215,000
Workers' compensation liabilities	430,000
Due and payable after one year	
Bonds payable, net	32,716,438
Energy performance contract payable	2,192,347
Compensated absences payable	3,873,057
Workers' compensation liabilities	750,013
Net pension liabilities - proportionate share	5,103,587
Total other postemployment benefits liability	<u>115,652,399</u>
Total Liabilities	<u>186,641,129</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	9,088,007
Other postemployment benefits	<u>20,302,631</u>
Total Deferred Inflows of Resources	<u>29,390,638</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>34,572,799</u>
Restricted	
Workers' compensation	1,139,216
Unemployment insurance	177,111
Retirement contribution	
Teachers' retirement system	895,042
Employees' retirement system	4,294,928
Employee benefit accrued liability	3,095,761
Scholarships	108,469
	<u>9,710,527</u>
Unrestricted (deficit)	<u>(89,589,443)</u>
Net Position (Deficit)	<u>\$ (45,306,117)</u>

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants</u>	
FUNCTIONS/PROGRAMS					
General support	\$ 10,861,991	\$	\$	\$	\$ (10,861,991)
Instruction	65,791,144	596,335	1,132,525	56,402	(64,005,882)
Pupil transportation	1,636,299				(1,636,299)
Debt service - interest	1,182,431				(1,182,431)
Food service program	796,431	86,576	764,771		54,916
Total Functions and Programs	\$ 80,268,296	\$ 682,911	\$ 1,897,296	\$ 56,402	(77,631,687)
GENERAL REVENUES					
Real property taxes					50,150,213
Other tax items					3,798,110
Use of money and property					72,061
Sale of property and compensation for loss					148,885
Miscellaneous					1,135,534
State sources					17,862,536
Medicaid reimbursement					27,869
Total General Revenues					73,195,208
Change in Net Position					(4,436,479)
Total Net Position (Deficit) - Beginning of Year, as Restated					(40,869,638)
Total Net Position (Deficit) - End of Year					\$ (45,306,117)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
 June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extracurricular Activities	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 9,259,821	\$ 100,978	\$ 88,283	\$ 555,103	\$ 78,174	\$	\$ 10,082,359
Restricted	9,601,858			4,332,643		108,669	14,043,170
Receivables							
Accounts receivable	115,279		44			8,000	123,323
Due from other funds	706,608			14,764			721,372
Due from state and federal	905,629	400,273	177,146	65,357			1,548,405
Due from other governments	709,275						709,275
Other assets	535,667						535,667
Inventory			17,738				17,738
Total Assets	\$ 21,834,137	\$ 501,251	\$ 283,211	\$ 4,967,867	\$ 78,174	\$ 116,669	\$ 27,781,309
LIABILITIES							
Payables							
Accounts payable	\$ 745,641	\$ 6,996	\$ 28,959	\$ 162,922		\$ 8,200	\$ 952,718
Accrued liabilities	139,020		6,039				145,059
Due to other funds	14,764	494,255	110,927	101,426			721,372
Due to other governments			26				26
Due to teachers' retirement system	3,188,372						3,188,372
Due to employees' retirement system	358,686						358,686
Compensated absences payable	205,569						205,569
Other liabilities	191,809						191,809
Notes payable: bond anticipation				16,435,000			16,435,000
Unearned credits: collections in advance	-		30,645				30,645
Total Liabilities	4,843,861	501,251	176,596	16,699,348	-	8,200	22,229,256
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	912,956						912,956
FUND BALANCES (DEFICIT)							
Nonspendable: Inventory			17,738				17,738
Restricted:							
Workers' compensation	1,139,216						1,139,216
Unemployment insurance	177,111						177,111
Retirement contribution							
Teachers' retirement system	895,042						895,042
Employees' retirement system	4,294,928						4,294,928
Employee benefit accrued liability	3,095,761						3,095,761
Scholarships						108,469	108,469
Unspent bond proceeds				4,332,643			4,332,643
Assigned:							
Appropriated fund balance	1,684,000						1,684,000
Unappropriated fund balance	212,360		88,877		78,174		379,411
Unassigned: Fund balance (deficit)	4,578,902			(16,064,124)			(11,485,222)
Total Fund Balances (Deficit)	16,077,320	-	106,615	(11,731,481)	78,174	108,469	4,639,097
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 21,834,137	\$ 501,251	\$ 283,211	\$ 4,967,867	\$ 78,174	\$ 116,669	\$ 27,781,309

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances \$ 4,639,097

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	\$ 121,860,308	
Less: Accumulated depreciation	<u>(37,342,422)</u>	84,517,886

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	22,476,275	
Net pension liability - teachers' retirement system	(5,081,391)	
Net pension liability - employees' retirement system	(22,196)	
Deferred inflows of resources	<u>(9,088,007)</u>	8,284,681

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>(519,783)</u>	152,686

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

Deferred outflows of resources	36,518,866	
Total other postemployment benefits liability	(115,652,399)	
Deferred inflows of resources	<u>(20,302,631)</u>	(99,436,164)

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.

912,956

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	(477,607)	
Bonds payable, net	(36,128,658)	
Energy performance contract payable	(2,502,924)	
Compensated absences payable	(4,088,057)	
Workers' compensation liabilities	<u>(1,180,013)</u>	(44,377,259)

Total Net Position (Deficit) \$ (45,306,117)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extracurricular Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 50,150,213	\$	\$	\$	\$	\$	\$ 50,150,213
Other tax items	3,798,110						3,798,110
Charges for services	297,733						297,733
Use of money and property	71,886		175		146	186	72,393
Sale of property and compensation for loss	149,964						149,964
Miscellaneous	1,566,448	35,000			52,318	18,710	1,672,476
State sources	18,045,688	277,999	27,931	65,357			18,416,975
Medicaid reimbursement	27,869						27,869
Federal sources	135,197	665,433	736,840				1,537,470
Sales			86,576				86,576
Total Revenues	74,243,108	978,432	851,522	65,357	52,464	18,896	76,209,779
EXPENDITURES							
General support	8,133,271						8,133,271
Instruction	41,691,928	1,003,963			66,792	21,450	42,784,133
Pupil transportation	1,490,663	43,969					1,534,632
Employee benefits	16,121,807		69,844				16,191,651
Debt service							
Principal	3,365,768						3,365,768
Interest	1,511,719						1,511,719
Food service program			721,813				721,813
Capital outlay				10,777,105			10,777,105
Total Expenditures	72,315,156	1,047,932	791,657	10,777,105	66,792	21,450	85,020,092
Excess (Deficiency) of Revenues Over Expenditures	1,927,952	(69,500)	59,865	(10,711,748)	(14,328)	(2,554)	(8,810,313)
OTHER FINANCING SOURCES AND (USES)							
Proceeds of debt				16,445,917			16,445,917
BANs redeemed from appropriations				201,883			201,883
Operating transfers in		69,500					69,500
Operating transfers (out)	(69,500)						(69,500)
Total Other Financing Sources and (Uses)	(69,500)	69,500	-	16,647,800	-	-	16,647,800
Net Change in Fund Balances	1,858,452	-	59,865	5,936,052	(14,328)	(2,554)	7,837,487
Fund Balances (Deficit) - Beginning of Year, as Restated	14,218,868		46,750	(17,667,533)	92,502	111,023	(3,198,390)
End of Year	\$ 16,077,320	\$ -	\$ 106,615	\$ (11,731,481)	\$ 78,174	\$ 108,469	\$ 4,639,097

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, 2021

Net Change in Fund Balances \$ 7,837,487

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.

\$ (377,962)

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
Increase in workers' compensation liabilities

(208,437)
(70,635)

(657,034)

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 and other additions exceeded depreciation in the period.

Capital outlays and other additions
Depreciation expense

10,981,957
(1,716,220)

9,265,737

Long-Term Debt Transactions Differences

Proceeds from the issuance of bonds are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities

(16,445,917)

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

(201,883)

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
Amortization of deferred charges

180,481
(63,680)

116,801

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
Repayment of BAN principal
Repayment of energy performance contract

2,860,000
201,883
303,885

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 interest decreased from June 30, 2020 to June 30, 2021.

212,487

(12,952,744)

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
Employees' retirement system
Other postemployment benefits

(3,853,304)
467,719
(4,544,340)

(7,929,925)

Change in Net Position of Governmental Activities

\$ (4,436,479)

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 2,415,809
DEDUCTIONS	
Disbursements of real property taxes to the Library	2,415,809
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

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, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the 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.

Extraclassroom Activities Fund - is used to account for the funds operated by and for the students of the District.

Scholarships Fund - is used to account for funds collected that benefit annual third-party awards and scholarships for students.

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

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

Custodial Fund – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

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 funds 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.

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, eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables 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.

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.

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

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

A portion of fund balance 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.

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:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
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

BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	<u>\$ 84,517,886</u>
Deduct:	
Bond anticipation note payable	16,435,000
Less: Unspent BAN proceeds	(356,111)
Short-term portion of bonds payable	3,260,917
Long-term portion of bonds payable	32,435,000
Short-term portion of energy performance contract payable	310,577
Long-term portion of energy performance contract payable	2,192,347
Less: unspent bond proceeds	<u>(4,332,643)</u>
	<u>49,945,087</u>
Net investment in capital assets	<u><u>\$ 34,572,799</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 fund of the Bayport-Blue Point Union Free School District (District), as of and for the year ended June 30, 2021, 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 1, 2021. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

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 1, 2021.

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 1, 2021



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

**EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL STATEMENT WITH
INDEPENDENT AUDITOR'S REPORT**

June 30, 2021

BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Statement of Cash Receipts and Disbursements of the Bayport-Blue Point Union Free School District's (District) extraclassroom activity funds for the year ended June 30, 2021, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1.B; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Basis for Qualified Opinion

The records of the student clubs within the extraclassroom activity funds of the Bayport-Blue Point Union Free School District were not adequate to permit the application of auditing procedures to indicate whether the receipts recorded in the extraclassroom activity funds represent all receipts collected by the clubs.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the Basis for Qualified Opinion paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash transactions of the extraclassroom activity funds of the Bayport-Blue Point Union Free School District for the year ended June 30, 2021, on the basis of accounting described in Note 1.B.

Basis of Accounting

We draw attention to Note 1.B. of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Cullen & Danowski, LLP

November 1, 2021

BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2021

	Cash Balance <u>June 30, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2021</u>
CLUBS				
High School				
Class of 2020	\$ 7,750	\$ 1	\$ 7,096	\$ 655
Class of 2021	7,518	24,857	29,981	2,394
Class of 2022	1,557	399		1,956
Class of 2023	2,215.00	191	1,000	1,406
Class of 2024		2,050		2,050
Boys Baseball		3,448	2,158	1,290
Boys Bowling	344	1		345
Boys Football	5,056	9,482	10,915	3,623
Boys Golf	299	1		300
Boys Soccer	147	251	250	148
Boys Track	1,282	2		1,284
Debate Club	386	1		387
Girls Basketball	165	1		166
Girls Cheerleading	657	1		658
Girls Field Hockey	3,403	4	1,387	2,020
Girls Lacrosse	2,135	743	876	2,002
Girls Soccer	521	1		522
Girls Softball	28	488		516
Girls Tennis	205	1		206
Girls Track	4,253	5	1,675	2,583
Girls Volleyball	694		530	164
Renaissance(DECA)	527	1		528
Drama	2,210	4		2,214
Interact	1,113	110	110	1,113
Music	10,608	1,816	3,289	9,135
National Honor Society	1,350	744	113	1,981
Peers to Peers	375	393	431	337
PEP	134		23	111
SADD	207			207
School Store	9,315	763	3,432	6,646
Student Council	2,817	4	800	2,021
Tri M	398	1,021		1,419
World Culture Club	491	1		492
Yearbook	9,835	4,709	501	14,043
Total High School	<u>77,995</u>	<u>51,494</u>	<u>64,567</u>	<u>64,922</u>

BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (Continued)
For the Year Ended June 30, 2021

	Cash Balance <u>June 30, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2021</u>
CLUBS				
Middle School				
Class of 2024	\$ 1,820	\$ -	\$ 1,820	\$ -
Class of 2025	1,783	604		2,387
Class of 2026	1,147	2		1,149
Ecology Club	738	1		739
Jr. Honor Society	1,276	350	385	1,241
Science Olympiad	2,920	5		2,925
Student Council	4,323	6	20	4,309
Yearbook Club	500	1		501
	<u>14,507</u>	<u>969</u>	<u>2,225</u>	<u>13,251</u>
Total Middle School				
	<u>\$ 92,502</u>	<u>\$ 52,463</u>	<u>\$ 66,792</u>	<u>\$ 78,173</u>

BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The extraclassroom activity funds represent funds of the students of the Bayport – Blue Point Union Free School District. Although, the extraclassroom activity funds are independent of the District with respect to the designation of student management and the individual transactions related to the activity of the funds, the Board of Education exercises general oversight of these funds and it has been determined that District management exercises administrative involvement with respect to the financial transactions. Based on this criterion, the extraclassroom activity funds are included in the District's reporting entity and reported as a special revenue fund.

B. Basis of Accounting

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement.