



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

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS

June 30, 2022

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Auditor's Report</b>  | 1           |
| <b>Management's Discussion and Analysis (MD&amp;A)</b>   | 4           |
| <b>Financial Statements:</b>   |             |
| Statement of Net Position  | 18          |
| Statement of Activities  | 19          |
| Balance Sheet – Governmental Funds   | 20          |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  | 21          |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  | 22          |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities   | 23          |
| Statement of Fiduciary Net Position – Fiduciary Fund   | 24          |
| Statement of Changes in Fiduciary Net Position – Fiduciary Fund  | 24          |
| Notes to Financial Statements  | 25          |
| <b>Required Supplementary Information Other than MD&amp;A:</b>   |             |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund  | 55          |
| Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)  | 57          |
| Schedule of District Pension Contributions   | 58          |
| Schedule of Changes in the District's Total OPEB Liability and Related Ratios  | 59          |
| <b>Other Information:</b>  |             |
| Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund   | 60          |
| Schedule of Project Expenditures and Financing Resources – Capital Projects Fund   | 61          |
| Schedule of Net Investment in Capital Assets   | 62          |
| <b>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 <i>Government Auditing Standards</i></b> | 63          |



**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Qualified and Unmodified Opinions***

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

*Summary of Opinions*

| OPINION UNIT             | TYPE OF OPINION   | OPINION UNIT                   | TYPE OF OPINION   |
|--------------------------|-------------------|--------------------------------|-------------------|
| Governmental Activities  | <i>Unmodified</i> | Capital Projects Fund          | <i>Unmodified</i> |
| General Fund             | <i>Unmodified</i> | Extraclassroom Activities Fund | <i>Qualified</i>  |
| Special Aid Fund         | <i>Unmodified</i> | Scholarships Fund              | <i>Unmodified</i> |
| School Food Service Fund | <i>Unmodified</i> | Fiduciary Fund                 | <i>Unmodified</i> |
| Debt Service Fund        | <i>Unmodified</i> |                                |                   |

*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 cash receipts referred to in the "Matter Giving Rise to the 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, 2022, 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 the extraclassroom activities fund, and the fiduciary fund of the Bayport-Blue Point Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

***Basis for Qualified Opinion and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be

independent of the Bayport-Blue Point Union Free School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

#### *Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund*

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

#### ***Change in Accounting Principle***

As described in Note 2 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinion is not modified with respect to this matter.

#### ***Management's Responsibility for the Financial Statements***

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

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

#### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that 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 17 and 55 through 59, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on pages 60 through 62 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. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022 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*

October 4, 2022

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

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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, 2022 in comparison with the year ended June 30, 2021, 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 2022 are as follows:

- The District's total net position was a deficit of \$45,785,247 in the district-wide financial statements at June 30, 2022. The deficit increased by \$479,130 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of this Statement included a restatement comprised of capital assets and lease liabilities of \$489,082, which had no impact on the total net position.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$78,859,153. Of this amount, \$3,598,940 was offset by program charges for services, and operating grants and contributions. General revenues of \$74,781,083 amount to 95.41% 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 \$15,565,438 at June 30, 2022. This balance represents a \$511,882 decrease (3.18%) from the prior year 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, as follows:
  - Restricted fund balances increased by \$8,875 due to interest allocated to the reserves.
  - Assigned fund balance increased by \$1,087,621, primarily due to the increase in appropriated fund balance as part of the voter-approved 2022-2023 budget.
  - Unassigned fund balance decreased by \$1,608,378 to \$2,970,524 largely due to the above appropriation as part of the 2022-2023 budget, and the decrease in fund balance due to expenditures and other financing uses over revenues for the year.
- The District's 2022 property tax levy of \$55,530,215 was a 2.94 % increase over the 2021 tax levy, which was less than the allowable property tax cap by 4.22%.
- In July 2021, the school district issued serial bonds in the amount of \$15,460,000 to finance construction improvements to buildings and sites across the District. Principal payments are due every July 15th through 2041 with interest payable semi-annually at rates ranging from 2.00% to 2.250%.
- The District was awarded funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act through the Elementary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) Programs of approximately \$2.8 million. As of June 30, 2022, the District has expended over \$829,000 of these funds that have been reflected and recorded in the Special Aid Fund.
- On May 17, 2022, the 2022-2023 budget in the amount of \$80,969,342 was approved by the District's voters. The property tax levy was \$57,468,219 and was a 3.49% increase over the 2021-2022 tax levy, but was below the allowable tax cap of 4.05%.

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

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**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 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:



**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 capital assets.

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.

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

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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 (OPEB), 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 seven individual governmental funds: general fund, special aid fund, school food service fund, debt 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 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**

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record a capital asset and the related liability of \$489,082; however, these changes has no impact on total net position.

The District's total net position (deficit) increased by \$ 479,130 between fiscal year 2022 and 2021. 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. A summary of the District's Statements of Net Position follows:



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

|  | 2022                   | As Restated<br>2021    | Increase<br>(Decrease) | Percentage<br>Change |
|--|------------------------|------------------------|------------------------|----------------------|
| <b>Assets</b>                                    |                        |                        |                        |                      |
| Current and Other Assets                         | \$ 22,155,408          | \$ 27,059,937          | \$ (4,904,529)         | (18.12)%             |
| Capital Assets, Net                              | 88,444,049             | 85,006,968             | 3,437,081              | 4.04 %               |
| Net Pension Assets -<br>Proportionate Share      | 34,970,484             |                        | 34,970,484             | N/A                  |
| Total Assets                                     | <u>145,569,941</u>     | <u>112,066,905</u>     | <u>33,503,036</u>      | 29.90 %              |
| <b>Deferred Outflows of Resources</b>            | <u>49,969,148</u>      | <u>59,147,827</u>      | <u>(9,178,679)</u>     | (15.52)%             |
| <b>Liabilities</b>                               |                        |                        |                        |                      |
| Current and Other Liabilities                    | 5,671,278              | 21,985,491             | (16,314,213)           | (74.20)%             |
| Long-Term Liabilities                            | 56,096,819             | 44,388,734             | 11,708,085             | 26.38 %              |
| Net Pension Liabilities -<br>Proportionate Share |                        | 5,103,587              | (5,103,587)            | (100.00)%            |
| Total OPEB Liability                             | <u>120,010,897</u>     | <u>115,652,399</u>     | <u>4,358,498</u>       | 3.77 %               |
| Total Liabilities                                | <u>181,778,994</u>     | <u>187,130,211</u>     | <u>(5,351,217)</u>     | (2.86)%              |
| <b>Deferred Inflows of Resources</b>             | <u>59,545,342</u>      | <u>29,390,638</u>      | <u>30,154,704</u>      | 102.60 %             |
| <b>Net Position (Deficit)</b>                    |                        |                        |                        |                      |
| Net Investment in Capital Assets                 | 37,884,383             | 34,572,799             | 3,311,584              | 9.58 %               |
| Restricted                                       | 9,901,339              | 9,710,527              | 190,812                | 1.97 %               |
| Unrestricted (Deficit)                           | <u>(93,570,969)</u>    | <u>(89,589,443)</u>    | <u>(3,981,526)</u>     | (4.44)%              |
| Total Net Position (Deficit)                     | <u>\$ (45,785,247)</u> | <u>\$ (45,306,117)</u> | <u>\$ (479,130)</u>    | (1.06)%              |

The decrease in current and other assets is primarily related to decreases in the District's cash position and accounts receivable, offset by increases in receivables due from state and federal, as well as other governments.

The increase in capital assets, net is due to capital asset additions in excess of the depreciation/amortization 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 and the New York State and Local Employees' Retirement System's collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from liabilities to assets. The accompanying Notes to Financial Statements, Note 16 "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 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.

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

The increase in long-term liabilities is primarily the result of the District issuing serial bonds in the current year for capital improvements across the District. This increase was largely 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 Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension liabilities at the measurement date of the respective year. The decrease is due to the shift from net pension liabilities in the prior year, to net pension assets in the current year. The accompanying Notes to Financial Statements, Note 16 "Pension Plans – New York State", provides additional information.

Total 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/amortization and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves, which 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 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, 2022 and 2021 is as follows:

|                                  | <u>2022</u>       | <u>2021</u>       | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|----------------------------------|-------------------|-------------------|--------------------------------|------------------------------|
| <b>Revenues</b>                  |                   |                   |                                |                              |
| Program Revenues                 |                   |                   |                                |                              |
| Charges for Services             | \$ 743,664        | \$ 682,911        | \$ 60,753                      | 8.90 %                       |
| Operating Grants & Contributions | 2,855,276         | 1,762,099         | 1,093,177                      | 62.04 %                      |
| Capital Grants                   | -                 | 56,402            | (56,402)                       | (100.00)%                    |
| General Revenues                 |                   |                   |                                |                              |
| Property Taxes & STAR            | 55,530,215        | 53,944,254        | 1,585,961                      | 2.94 %                       |
| State Sources                    | 17,085,426        | 17,862,536        | (777,110)                      | (4.35)%                      |
| Other                            | 2,165,442         | 1,523,615         | 641,827                        | 42.13 %                      |
| Total Revenues                   | <u>78,380,023</u> | <u>75,831,817</u> | <u>2,548,206</u>               | 3.36 %                       |

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

|                         | 2022                | 2021                  | Increase<br>(Decrease) | Percentage<br>Change |
|-------------------------|---------------------|-----------------------|------------------------|----------------------|
| <b>Expenses</b>         |                     |                       |                        |                      |
| General Support         | \$ 10,621,095       | \$ 10,861,991         | \$ (240,896)           | (2.22)%              |
| Instruction             | 64,067,767          | 65,791,144            | (1,723,377)            | (2.62)%              |
| Pupil Transportation    | 1,987,005           | 1,636,299             | 350,706                | 21.43 %              |
| Debt Service - Interest | 1,286,552           | 1,182,431             | 104,121                | 8.81 %               |
| Food Service Program    | 896,734             | 796,431               | 100,303                | 12.59 %              |
| Total Expenses          | <u>78,859,153</u>   | <u>80,268,296</u>     | <u>(1,409,143)</u>     | (1.76)%              |
| Change in Net Position  | <u>\$ (479,130)</u> | <u>\$ (4,436,479)</u> | <u>\$ 3,957,349</u>    | 89.20 %              |

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, 2022, the loss was \$479,130 compared to a loss of \$4,436,479 in the prior year.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- Real property taxes and STAR combined increased due to the tax levy in accordance with the 2021-2022 voter-approved budget.
- Operating grants primarily increased as the District received additional funding for the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program under the Coronavirus Response and relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. In addition, the District received grant monies for Emergency Connectivity Funds for Chromebooks.
- Other revenue increased largely due to principal and interest reimbursements from the Library for the 2021 bond issuance taken out by the District on behalf of the Library. The District pays the principal and interest on debt and the Library reimburses the District for these amounts which are reflected in other revenues
- The decrease in state sources is chiefly due to the District receiving less in overall state aid including general aid, excess cost aid, lottery aid and BOCES aid.

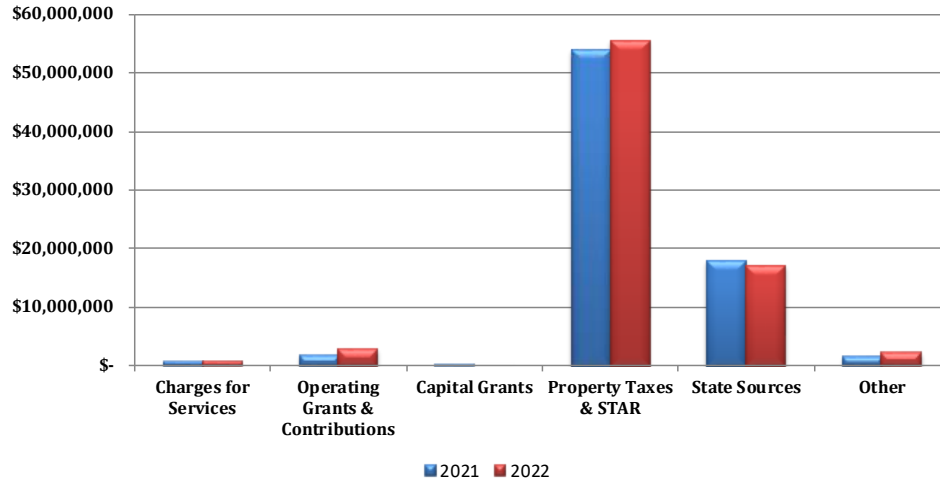
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS.
- Pupil transportation expenses increased due to a rise in contract bus expenses as schools were fully operational during the fiscal year.
- Debt service interest increased due to existing interest on debt, plus accrued interest on a new debt issuance during the year, offset by less short-term interest expense on bond anticipation notes.
- The food service program increased due to the growth in the number of students receiving breakfast and lunch, as the meals were free to all students during the year.

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

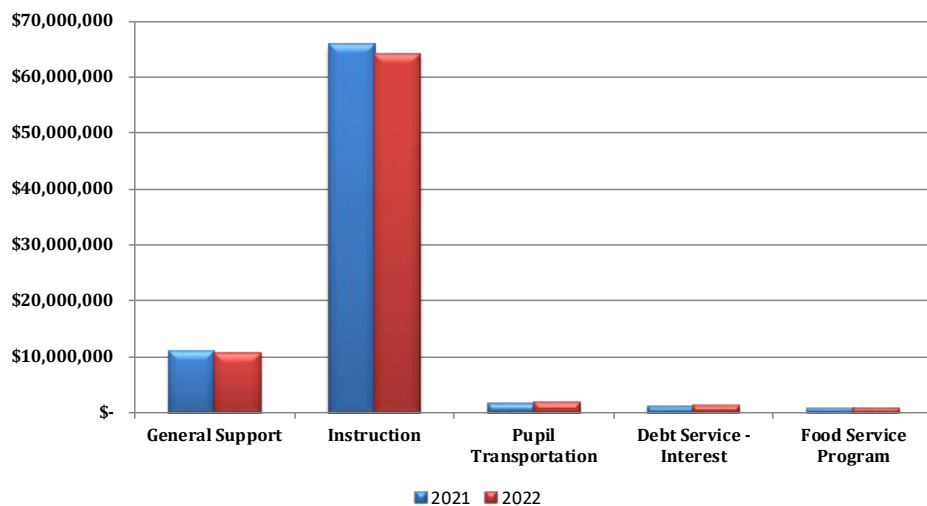
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 70.8% and 71.1% of the total for the years ended June 30, 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.3% and 82.0% of the total for the years ended June 30, 2022 and 2021, respectively).

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 |
|-------------|----------------------|----------------------------------|----------------|-----------------------|---------------|-------|
| <b>2021</b> | 0.9%                 | 2.3%                             | 0.1%           | 71.1%                 | 23.6%         | 2.0%  |
| <b>2022</b> | 0.9%                 | 3.6%                             | 0.0%           | 70.8%                 | 21.8%         | 2.9%  |

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



|             | General Support | Instruction | Pupil Transportation | Debt Service - Interest | Food Service Program |
|-------------|-----------------|-------------|----------------------|-------------------------|----------------------|
| <b>2021</b> | 13.5%           | 82.0%       | 2.0%                 | 1.5%                    | 1.0%                 |
| <b>2022</b> | 13.5%           | 81.3%       | 2.5%                 | 1.6%                    | 1.1%                 |

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

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$16,279,625, which is an increase of \$11,640,528 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. A summary of the change in the components of fund balance by fund is as follows:

|                                       | 2022                 | 2021                | Increase<br>(Decrease) | Percentage<br>Change |
|---------------------------------------|----------------------|---------------------|------------------------|----------------------|
| <b>General Fund</b>                   |                      |                     |                        |                      |
| Restricted                            |                      |                     |                        |                      |
| Workers' compensation                 | \$ 1,140,269         | \$ 1,139,216        | \$ 1,053               | 0.09 %               |
| Unemployment insurance                | 177,274              | 177,111             | 163                    | 0.09 %               |
| Retirement contribution               |                      |                     |                        |                      |
| Teachers' retirement system           | 895,869              | 895,042             | 827                    | 0.09 %               |
| Employees' retirement system          | 4,298,899            | 4,294,928           | 3,971                  | 0.09 %               |
| Employee benefit accrued liability    | 3,098,622            | 3,095,761           | 2,861                  | 0.09 %               |
| Assigned:                             |                      |                     |                        |                      |
| Appropriated fund balance             | 2,695,700            | 1,684,000           | 1,011,700              | 60.08 %              |
| Unappropriated fund balance           | 288,281              | 212,360             | 75,921                 | 35.75 %              |
| Unassigned: Fund balance              | 2,970,524            | 4,578,902           | (1,608,378)            | (35.13)%             |
|                                       | <u>15,565,438</u>    | <u>16,077,320</u>   | <u>(511,882)</u>       | <u>(3.18)%</u>       |
| <b>School Food Service Fund</b>       |                      |                     |                        |                      |
| Nonspendable: Inventory               | 25,402               | 17,738              | 7,664                  | 43.21 %              |
| Assigned: Unappropriated fund balance | 211,462              | 88,877              | 122,585                | 137.93 %             |
|                                       | <u>236,864</u>       | <u>106,615</u>      | <u>130,249</u>         | <u>122.17 %</u>      |
| <b>Debt Service Fund</b>              |                      |                     |                        |                      |
| Restricted: Debt                      | <u>180,546</u>       | <u>180,546</u>      | <u>180,546</u>         | N/A                  |
| <b>Capital Projects Fund</b>          |                      |                     |                        |                      |
| Restricted: Unspent bond proceeds     | 70,221               |                     | 70,221                 | N/A                  |
| Assigned: Unappropriated fund balance | 251                  |                     | 251                    | N/A                  |
| Unassigned: Fund balance (deficit)    |                      | (11,731,481)        | 11,731,481             | 100.00 %             |
|                                       | <u>70,472</u>        | <u>(11,731,481)</u> | <u>11,801,953</u>      | <u>(100.60)%</u>     |
| <b>Extraclassroom Activities Fund</b> |                      |                     |                        |                      |
| Assigned: Unappropriated fund balance | <u>116,445</u>       | <u>78,174</u>       | <u>38,271</u>          | 48.96 %              |
| <b>Scholarships Fund</b>              |                      |                     |                        |                      |
| Restricted: Scholarships              | <u>109,860</u>       | <u>108,469</u>      | <u>1,391</u>           | 1.28 %               |
| Total Fund Balance                    | <u>\$ 16,279,625</u> | <u>\$ 4,639,097</u> | <u>\$ 11,640,528</u>   | 250.92 %             |

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

**A. General Fund**

The net change in the general fund – fund balance is a decrease of \$511,882 compared to an increase of \$1,858,452 in 2021. This resulted from expenditures and other financing uses in excess of revenues.

Revenues increased by \$1,349,847 or 1.82%. The following is a summary of the major changes:

- Property taxes and STAR combined increased by \$1,585,961 due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- Miscellaneous revenue increased by \$413,642 largely due to principal and interest reimbursements received for the 2021 bond issued on behalf of the Library. The District pays the principal and interest on debt and the Library reimburses the District for these amounts, which are reflected in miscellaneous revenues.
- State sources revenue decreased by \$960,262, primarily due to a lower amount of state-funded aid for general, excess cost, lottery and BOCES aid, which is driven based on annual state-aid allocations.
- Federal sources increased in the current year for approximately \$171,000 primarily because of Emergency Connectivity funds received in the current year of approximately \$306,000, offset by CARES Act funding for ESSER and GEER in the prior year of approximately \$135,000

Expenditures and other financing uses increased by \$3,720,181 or 5.14% over the prior year. The following is a summary of the major changes:

- General support and instruction increased \$1,612,676 due to routine salary and step increases, coupled with additional staffing due to COVID-19 protocols.
- Employee benefits increased due to higher pension contribution rates, for the District's liabilities to the New York State Teachers' Retirement and Employees' Retirement Systems, as well as higher health insurance premiums,
- Debt service increased by \$1,185,326, as the District issued a new bond in the prior year for the Library, resulting in increased principal payments in the current year.

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

|                         | Balance @<br>June 30, 2021 | Interest        | Funding     | Balance @<br>June 30, 2022 |
|-------------------------|----------------------------|-----------------|-------------|----------------------------|
| Workers' compensation   | \$ 1,139,216               | \$ 1,053        | \$          | \$ 1,140,269               |
| Unemployment insurance  | 177,111                    | 163             |             | 177,274                    |
| Retirement contribution |                            |                 |             |                            |
| TRS                     | 895,042                    | 827             |             | 895,869                    |
| ERS                     | 4,294,928                  | 3,971           |             | 4,298,899                  |
| EBALR                   | 3,095,761                  | 2,861           |             | 3,098,622                  |
|                         | <u>\$ 9,602,058</u>        | <u>\$ 8,875</u> | <u>\$ -</u> | <u>\$ 9,610,933</u>        |

**B. School Food Service Fund**

The school food service fund - fund balance net increase can be attributed greater state and federal reimbursements, based on an Executive Order, exceeding the cost of distributing free meals to all students of the District, regardless of their eligibility status, as well as higher lunch sales in the current year.

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

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**C. Capital Projects Fund**

The capital projects fund-fund balance increased by \$11,801,953 during the year. This was the result of a new bond issuance for \$15,460,000, and proceeds from leases of \$262,290, plus funding provided by bond anticipation notes (BAN) redeemed from general fund district-wide appropriations of \$975,000 in the current year. This was offset by \$4,895,337 in capital project expenditures, primarily related to the Library renovation.

**D. Extraclassroom Activities Fund**

The extraclassroom activities fund – fund balance net increase is attributable to cash receipts from fundraising and student clubs activities exceeding disbursements related to those activities.

**E. Scholarships Fund**

The scholarships fund – fund balance net increase is the result of scholarship donations and interest exceeding scholarships awarded.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2021-2022 Budget**

The District's general fund adopted budget for the year ended June 30, 2022 was \$76,972,535. This amount was increased by encumbrances carried forward from the prior year in the amount of \$212,360 and budget revisions in the amount of \$309,382 for a total final budget of \$77,494,277.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$55,530,215 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 and other financing uses, 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              | \$ 4,578,902               |
| Revenues Under Budget                         | (4,962)                    |
| Expenditures and Encumbrances Under Budget    | 1,101,159                  |
| Allocation to Reserves                        | (8,875)                    |
| Appropriated to Fund the June 30, 2023 Budget | <u>(2,695,700)</u>         |
| Closing, Unassigned Fund Balance              | <u><u>\$ 2,970,524</u></u> |

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

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Opening, Unassigned Fund Balance

The \$4,578,902 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned and exceeds the statutory limit established by New York State Real Property Tax Law §1318.

Revenues Under Budget

The 2021-2022 final budget for revenues was \$75,597,917. Actual revenues recognized for the year were \$75,592,955. Actual revenues were less than budgeted revenues. This variance contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. 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 2021-2022 final budget for expenditures was \$77,494,277. Actual expenditures and other uses as of June 30, 2022 were \$76,104,837 and outstanding encumbrances were \$288,281. Combined, the expenditures and other uses plus encumbrances were \$76,393,118. The final budget variance was \$1,101,159, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. 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 \$2,695,700 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 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, 2022 was \$2,970,524. This amount is 3.67% of the 2022-2023 budget and is less than the 4.00% 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, 2022, 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 \$5,295,228 in excess of depreciation/amortization expense of \$1,858,147 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2022 and 2021 is as follows:



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

|                            | 2022                 | As Restated<br>2021  | Increase<br>(Decrease) |
|----------------------------|----------------------|----------------------|------------------------|
| Land                       | \$ 175,681           | \$ 175,681           | \$ -                   |
| Construction in progress   | 35,591,454           | 43,633,586           | (8,042,132)            |
| Buildings and improvements | 51,101,259           | 39,872,391           | 11,228,868             |
| Site improvements          | 133,267              | 78,623               | 54,644                 |
| Furniture and equipment    | 673,081              | 470,813              | 202,268                |
| Licensed vehicles          | 237,365              | 286,792              | (49,427)               |
| Leased equipment           | 531,942              | 489,082              | 42,860                 |
| Capital assets, net        | <u>\$ 88,444,049</u> | <u>\$ 85,006,968</u> | <u>\$ 3,437,081</u>    |

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of leased equipment.

**B. Debt Administration**

At June 30, 2022, the District had combined total debt of \$50,629,887. The decreases in outstanding debt represent principal payments made throughout the year, while the increases indicate new issuances. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

| Issue/Commencement<br>Date             | Interest<br>Rate | 2022                 | As Restated<br>2021  | Increase<br>(Decrease) |
|--|------------------|----------------------|----------------------|------------------------|
| <b>Bond Anticipation Notes Payable</b> |                  |                      |                      |                        |
| 7/16/2020                              | 0.43%            | \$ -                 | \$ 29,270,000        | \$ (29,270,000)        |
| <b>Bonds Payable</b>                   |                  |                      |                      |                        |
| 1/9/2013                               | 2.0-4.0%         | \$ 1,050,000         | \$ 1,375,000         | \$ (325,000)           |
| 6/19/2014                              | 2.0-5.0%         | 5,105,000            | 6,225,000            | (1,120,000)            |
| 6/2/2016                               | 3.0-5.0%         |                      |                      |                        |
| 10/4/2018                              | 3.00-3.25%       | 10,850,000           | 11,650,000           | (800,000)              |
| 2/4/2021                               | 1.125-1.50%      | 15,430,000           | 16,445,917           | (1,015,917)            |
| 7/15/2021                              | 2.0-2.25%        | 15,460,000           |                      | 15,460,000             |
|  |                  | <u>\$ 47,895,000</u> | <u>\$ 35,695,917</u> | <u>\$ 12,199,083</u>   |
| <b>Energy Performance Contract</b>     |                  |                      |                      |                        |
| 5/23/2013                              | 2.19%            | \$ 2,192,347         | \$ 2,502,924         | \$ (310,577)           |
| <b>Lease Liabilities</b>               |                  |                      |                      |                        |
| 6/1/2018                               | 4.00%            | \$ 27,902            | \$ 57,197            | \$ (29,295)            |
| 4/1/2019                               | 2.16%            | 26,428               | 61,006               | (34,578)               |
| 12/1/2019                              | 5.00%            | 119,503              | 164,890              | (45,387)               |
| 4/1/2020                               | 5.00%            | 93,759               | 124,787              | (31,028)               |
| 6/1/2021                               | 3.50%            | 61,514               | 81,202               | (19,688)               |
| 7/1/2021                               | 3.50%            | 213,434              |                      | 213,434                |
|  |                  | <u>\$ 542,540</u>    | <u>\$ 489,082</u>    | <u>\$ 53,458</u>       |

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities.

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

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, 2022 did not exceed 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, 2022 and 2021 is as follows:

|   | 2022           | 2021           | Increase<br>(Decrease) |
|---|----------------|----------------|------------------------|
| Compensated absences                          | \$ 4,029,344   | \$ 4,088,057   | \$ (58,713)            |
| Workers' compensation liability               | 975,604        | 1,180,013      | (204,409)              |
| Net pension liabilities - proportionate share | -              | 5,103,587      | (5,103,587)            |
| Total OPEB liability                          | 120,010,897    | 115,652,399    | 4,358,498              |
|   | \$ 125,015,845 | \$ 126,024,056 | \$ (1,008,211)         |

**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 17, 2022, for the year ending June 30, 2023, is \$80,969,342. This is an increase of \$3,996,807 or 5.19% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$689,935 increase over the prior year's estimate, which is principally due to an estimated increase in state aid and Library reimbursement of debt service. The assigned, appropriated fund balance applied to the budget in the amount of \$2,695,700, increased by \$1,011,700 over the previous year. Additionally, the District plans to appropriate reserves in the amount of \$1,127,525 to partially fund the budget, which is an increase of \$357,168 over the prior year. A property tax increase of \$1,938,004 (3.49%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs 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 2022-2023 property tax increase of 3.49% was less than the property tax levy limit of 4.05% and did not require an override vote.

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

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**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, 2022

**ASSETS**

|   |    |                    |
|---|----|--------------------|
| Cash  |    |                    |
| Unrestricted  | \$ | 8,220,831          |
| Restricted  |    | 9,971,560          |
| Receivables   |    |                    |
| Accounts receivable   |    | 13,106             |
| Due from state and federal  |    | 1,725,802          |
| Due from other governments  |    | 1,513,729          |
| Other assets  |    | 684,978            |
| Inventory   |    | 25,402             |
| Capital assets:   |    |                    |
| Not being depreciated   |    | 35,767,135         |
| Being depreciated/amortized, net of accumulated depreciation/amortization |    | 52,676,914         |
| Net pension assets - proportionate share                                  |    | <u>34,970,484</u>  |
| Total Assets  |    | <u>145,569,941</u> |

**DEFERRED OUTFLOWS OF RESOURCES**

|  |  |                   |
|--|--|-------------------|
| Deferred charge from advance refunding |  | 99,301            |
| Pensions                               |  | 22,877,510        |
| Other postemployment benefits          |  | <u>26,992,337</u> |
| Total Deferred Outflows of Resources   |  | <u>49,969,148</u> |

**LIABILITIES**

|   |  |                    |
|---|--|--------------------|
| Payables                                      |  |                    |
| Accounts payable                              |  | 951,433            |
| Accrued liabilities                           |  | 667,665            |
| Due to other governments                      |  | 117,686            |
| Due to teachers' retirement system            |  | 3,355,338          |
| Due to employees' retirement system           |  | 262,500            |
| Compensated absences payable                  |  | 128,764            |
| Other liabilities                             |  | 42,018             |
| Unearned credits: collections in advance      |  | 145,874            |
| Long-term liabilities                         |  |                    |
| Due and payable within one year               |  |                    |
| Bonds payable, net                            |  | 4,032,448          |
| Energy performance contract payable           |  | 317,416            |
| Lease liabilities                             |  | 205,636            |
| Compensated absences payable                  |  | 215,000            |
| Workers' compensation liabilities             |  | 430,000            |
| Due and payable after one year                |  |                    |
| Bonds payable, net                            |  | 44,324,536         |
| Energy performance contract payable           |  | 1,874,931          |
| Lease liabilities                             |  | 336,904            |
| Compensated absences payable                  |  | 3,814,344          |
| Workers' compensation liabilities             |  | 545,604            |
| Total other postemployment benefits liability |  | <u>120,010,897</u> |
| Total Liabilities                             |  | <u>181,778,994</u> |

**DEFERRED INFLOWS OF RESOURCES**

|                                     |  |                   |
|-------------------------------------|--|-------------------|
| Pensions                            |  | 43,601,858        |
| Other postemployment benefits       |  | <u>15,943,484</u> |
| Total Deferred Inflows of Resources |  | <u>59,545,342</u> |

**NET POSITION (DEFICIT)**

|                                    |  |                        |
|------------------------------------|--|------------------------|
| Net investment in capital assets   |  | <u>37,884,383</u>      |
| Restricted                         |  |                        |
| Workers' compensation              |  | 1,140,269              |
| Unemployment insurance             |  | 177,274                |
| Retirement contribution            |  |                        |
| Teachers' retirement system        |  | 895,869                |
| Employees' retirement system       |  | 4,298,899              |
| Employee benefit accrued liability |  | 3,098,622              |
| Debt                               |  | 180,546                |
| Scholarships                       |  | <u>109,860</u>         |
|                                    |  | <u>9,901,339</u>       |
| Unrestricted (deficit)             |  | <u>(93,570,969)</u>    |
| Net Position (Deficit)             |  | <u>\$ (45,785,247)</u> |

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

**Statement of Activities**

For the Year Ended June 30, 2022

|  | Expenses                 | Program Revenues        |                                     | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--|--------------------------|-------------------------|-------------------------------------|--|
|  |                          | Charges for<br>Services | Operating Grants<br>& Contributions |  |
| <b>FUNCTIONS/PROGRAMS</b>                            |                          |                         |                                     |  |
| General support                                      | \$ 10,621,095            | \$                      | \$                                  | \$ (10,621,095)  |
| Instruction  | 64,067,767               | 539,414                 | 2,037,419                           | (61,490,934)   |
| Pupil transportation                                 | 1,987,005                |                         |                                     | (1,987,005)  |
| Debt service - interest                              | 1,286,552                |                         |                                     | (1,286,552)  |
| Food service program                                 | <u>896,734</u>           | <u>204,250</u>          | <u>817,857</u>                      | <u>125,373</u>   |
| <br>Total Functions and Programs                     | <br><u>\$ 78,859,153</u> | <br><u>\$ 743,664</u>   | <br><u>\$ 2,855,276</u>             | <br><u>(75,260,213)</u>                                    |
| <b>GENERAL REVENUES</b>                              |                          |                         |                                     |  |
| Real property taxes                                  |                          |                         |                                     | 51,919,357   |
| Other tax items                                      |                          |                         |                                     | 3,612,290  |
| Use of money and property                            |                          |                         |                                     | 75,667   |
| Sale of property and compensation for loss           |                          |                         |                                     | 192,503  |
| Miscellaneous  |                          |                         |                                     | 1,850,034  |
| State sources  |                          |                         |                                     | 17,085,426   |
| Medicaid reimbursement                               |                          |                         |                                     | <u>45,806</u>  |
| <br>Total General Revenues                           |                          |                         |                                     | <br><u>74,781,083</u>                                      |
| <br>Change in Net Position                           |                          |                         |                                     | <br>(479,130)  |
| <br>Total Net Position (Deficit) - Beginning of Year |                          |                         |                                     | <br><u>(45,306,117)</u>                                    |
| <br>Total Net Position (Deficit) - End of Year       |                          |                         |                                     | <br><u>\$ (45,785,247)</u>                                 |

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2022

|  | General              | Special<br>Aid      | School<br>Food<br>Service | Debt<br>Service   | Capital<br>Projects | Extraclassroom<br>Activities | Scholarships      | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------------|-------------------|---------------------|------------------------------|-------------------|--------------------------------|
| <b>ASSETS</b>  |                      |                     |                           |                   |                     |                              |                   |                                |
| Cash   |                      |                     |                           |                   |                     |                              |                   |                                |
| Unrestricted   | \$ 7,949,677         | \$ 97,992           | \$ 19,894                 | \$                | \$ 36,323           | \$ 116,945                   | \$                | \$ 8,220,831                   |
| Restricted   | 9,791,479            |                     |                           |                   | 70,221              |                              | 109,860           | 9,971,560                      |
| Receivables  |                      |                     |                           |                   |                     |                              |                   |                                |
| Accounts receivable  | 13,040               |                     | 66                        |                   |                     |                              |                   | 13,106                         |
| Due from other funds   | 1,043,631            | 74,477              | 131,629                   | 180,546           | 252                 |                              |                   | 1,430,535                      |
| Due from state and federal   | 612,079              | 964,226             | 149,497                   |                   |                     |                              |                   | 1,725,802                      |
| Due from other governments   | 1,513,729            |                     |                           |                   |                     |                              |                   | 1,513,729                      |
| Other assets   | 684,978              |                     |                           |                   |                     |                              |                   | 684,978                        |
| Inventory  |                      |                     | 25,402                    |                   |                     |                              |                   | 25,402                         |
| Total Assets   | <u>\$ 21,608,613</u> | <u>\$ 1,136,695</u> | <u>\$ 326,488</u>         | <u>\$ 180,546</u> | <u>\$ 106,796</u>   | <u>\$ 116,945</u>            | <u>\$ 109,860</u> | <u>\$ 23,585,943</u>           |
| <b>LIABILITIES</b>   |                      |                     |                           |                   |                     |                              |                   |                                |
| Payables   |                      |                     |                           |                   |                     |                              |                   |                                |
| Accounts payable   | \$ 877,824           | \$ 45,870           | \$ 27,239                 | \$                | \$                  | \$ 500                       | \$                | \$ 951,433                     |
| Accrued liabilities  | 113,075              |                     |                           |                   |                     |                              |                   | 113,075                        |
| Due to other funds   | 386,903              | 1,007,308           |                           |                   | 36,324              |                              |                   | 1,430,535                      |
| Due to other governments   | 117,658              |                     | 28                        |                   |                     |                              |                   | 117,686                        |
| Due to teachers' retirement system                                 | 3,355,338            |                     |                           |                   |                     |                              |                   | 3,355,338                      |
| Due to employees' retirement system                                | 262,500              |                     |                           |                   |                     |                              |                   | 262,500                        |
| Compensated absences payable                                       | 128,764              |                     |                           |                   |                     |                              |                   | 128,764                        |
| Other liabilities  | 42,018               |                     |                           |                   |                     |                              |                   | 42,018                         |
| Unearned credits: collections in advance                           | -                    | 83,517              | 62,357                    |                   |                     |                              |                   | 145,874                        |
| Total Liabilities  | <u>5,284,080</u>     | <u>1,136,695</u>    | <u>89,624</u>             | <u>-</u>          | <u>36,324</u>       | <u>500</u>                   | <u>-</u>          | <u>6,547,223</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                      |                     |                           |                   |                     |                              |                   |                                |
| Unavailable revenue  | <u>759,095</u>       |                     |                           |                   |                     |                              |                   | <u>759,095</u>                 |
| <b>FUND BALANCES</b>   |                      |                     |                           |                   |                     |                              |                   |                                |
| Nonspendable: Inventory  |                      |                     | 25,402                    |                   |                     |                              |                   | 25,402                         |
| Restricted:  |                      |                     |                           |                   |                     |                              |                   |                                |
| Workers' compensation  | 1,140,269            |                     |                           |                   |                     |                              |                   | 1,140,269                      |
| Unemployment insurance   | 177,274              |                     |                           |                   |                     |                              |                   | 177,274                        |
| Retirement contribution  |                      |                     |                           |                   |                     |                              |                   |                                |
| Teachers' retirement system  | 895,869              |                     |                           |                   |                     |                              |                   | 895,869                        |
| Employees' retirement system                                       | 4,298,899            |                     |                           |                   |                     |                              |                   | 4,298,899                      |
| Employee benefit accrued liability                                 | 3,098,622            |                     |                           |                   |                     |                              |                   | 3,098,622                      |
| Debt   |                      |                     |                           | 180,546           |                     |                              |                   | 180,546                        |
| Scholarships   |                      |                     |                           |                   |                     |                              | 109,860           | 109,860                        |
| Unspent bond proceeds  |                      |                     |                           |                   | 70,221              |                              |                   | 70,221                         |
| Assigned:  |                      |                     |                           |                   |                     |                              |                   |                                |
| Appropriated fund balance  | 2,695,700            |                     |                           |                   |                     |                              |                   | 2,695,700                      |
| Unappropriated fund balance  | 288,281              |                     | 211,462                   |                   | 251                 | 116,445                      |                   | 616,439                        |
| Unassigned: Fund balance   | <u>2,970,524</u>     |                     |                           |                   |                     |                              |                   | <u>2,970,524</u>               |
| Total Fund Balances  | <u>15,565,438</u>    | <u>-</u>            | <u>236,864</u>            | <u>180,546</u>    | <u>70,472</u>       | <u>116,445</u>               | <u>109,860</u>    | <u>16,279,625</u>              |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 21,608,613</u> | <u>\$ 1,136,695</u> | <u>\$ 326,488</u>         | <u>\$ 180,546</u> | <u>\$ 106,796</u>   | <u>\$ 116,945</u>            | <u>\$ 109,860</u> | <u>\$ 23,585,943</u>           |

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**

June 30, 2022

Total Governmental Fund Balances \$ 16,279,625

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

The costs of building, acquiring, and leasing capital assets 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             | \$ 127,644,618      |            |
| Less: Accumulated depreciation/amortization | <u>(39,200,569)</u> | 88,444,049 |

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

|  |                     |            |
|--|---------------------|------------|
| Net pension asset - teachers' retirement system  | 32,994,956          |            |
| Net pension asset - employees' retirement system | 1,975,528           |            |
| Deferred outflows of resources                   | 22,877,510          |            |
| Deferred inflows of resources                    | <u>(43,601,858)</u> | 14,246,136 |

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 | 180,481         |        |
| Less: Accumulated amortization        | <u>(81,180)</u> | 99,301 |

Total other postemployment benefits liability, as well as 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                | 26,992,337          |               |
| Total other postemployment benefits liability | (120,010,897)       |               |
| Deferred inflows of resources                 | <u>(15,943,484)</u> | (108,962,044) |

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.

759,095

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   | (554,590)        |              |
| Bonds payable, net                  | (48,356,984)     |              |
| Energy performance contract payable | (2,192,347)      |              |
| Lease liabilities                   | (542,540)        |              |
| Compensated absences payable        | (4,029,344)      |              |
| Workers' compensation liabilities   | <u>(975,604)</u> | (56,651,409) |

|                              |  |                        |
|------------------------------|--|------------------------|
| Total Net Position (Deficit) |  | <u>\$ (45,785,247)</u> |
|------------------------------|--|------------------------|

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2022

|  | General              | Special<br>Aid   | School<br>Food<br>Service | Debt<br>Service   | Capital<br>Projects | Extracurricular<br>Activities | Scholarships      | Total<br>Governmental<br>Funds |
|--|----------------------|------------------|---------------------------|-------------------|---------------------|-------------------------------|-------------------|--------------------------------|
| <b>REVENUES</b>                                      |                      |                  |                           |                   |                     |                               |                   |                                |
| Real property taxes                                  | \$ 51,919,357        | \$               | \$                        | \$                | \$                  | \$                            | \$                | \$ 51,919,357                  |
| Other tax items                                      | 3,612,290            |                  |                           |                   |                     |                               |                   | 3,612,290                      |
| Charges for services                                 | 524,931              |                  |                           |                   |                     |                               |                   | 524,931                        |
| Use of money and property                            | 75,565               |                  | 102                       |                   |                     | 77                            | 89                | 75,833                         |
| Sale of property and<br>compensation for loss        | 43,192               |                  |                           |                   |                     |                               |                   | 43,192                         |
| Miscellaneous  | 1,980,090            | 7,855            |                           |                   |                     | 187,522                       | 7,373             | 2,182,840                      |
| State sources  | 17,085,426           | 231,538          | 9,914                     |                   |                     |                               |                   | 17,326,878                     |
| Medicaid reimbursement                               | 45,806               |                  |                           |                   |                     |                               |                   | 45,806                         |
| Federal sources                                      | 306,298              | 1,484,266        | 807,943                   |                   |                     |                               |                   | 2,598,507                      |
| Sales  |                      |                  | 204,250                   |                   |                     |                               |                   | 204,250                        |
| <b>Total Revenues</b>                                | <b>75,592,955</b>    | <b>1,723,659</b> | <b>1,022,209</b>          | <b>-</b>          | <b>-</b>            | <b>187,599</b>                | <b>7,462</b>      | <b>78,533,884</b>              |
| <b>EXPENDITURES</b>                                  |                      |                  |                           |                   |                     |                               |                   |                                |
| General support                                      | 8,400,370            | 324,751          |                           |                   |                     |                               |                   | 8,725,121                      |
| Instruction  | 43,037,505           | 1,477,200        |                           |                   |                     | 149,328                       | 6,071             | 44,670,104                     |
| Pupil transportation                                 | 1,783,548            | 72,689           |                           |                   |                     |                               |                   | 1,856,237                      |
| Employee benefits                                    | 16,669,620           |                  | 79,918                    |                   |                     |                               |                   | 16,749,538                     |
| Debt service   |                      |                  |                           |                   |                     |                               |                   |                                |
| Principal  | 4,755,326            |                  |                           |                   |                     |                               |                   | 4,755,326                      |
| Interest   | 1,307,487            |                  |                           |                   |                     |                               |                   | 1,307,487                      |
| Food service program                                 |                      |                  | 812,042                   |                   |                     |                               |                   | 812,042                        |
| Capital outlay                                       |                      |                  |                           |                   | 4,895,337           |                               |                   | 4,895,337                      |
| <b>Total Expenditures</b>                            | <b>75,953,856</b>    | <b>1,874,640</b> | <b>891,960</b>            | <b>-</b>          | <b>4,895,337</b>    | <b>149,328</b>                | <b>6,071</b>      | <b>83,771,192</b>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(360,901)</u>     | <u>(150,981)</u> | <u>130,249</u>            | <u>-</u>          | <u>(4,895,337)</u>  | <u>38,271</u>                 | <u>1,391</u>      | <u>(5,237,308)</u>             |
| <b>OTHER FINANCING SOURCES AND (USES)</b>            |                      |                  |                           |                   |                     |                               |                   |                                |
| Proceeds of debt                                     |                      |                  |                           |                   | 15,722,290          |                               |                   | 15,722,290                     |
| BANs redeemed from appropriations                    |                      |                  |                           |                   | 975,000             |                               |                   | 975,000                        |
| Premium on obligation                                |                      |                  |                           | 180,546           |                     |                               |                   | 180,546                        |
| Operating transfers in                               |                      | 150,981          |                           |                   |                     |                               |                   | 150,981                        |
| Operating transfers (out)                            | <u>(150,981)</u>     |                  |                           |                   |                     |                               |                   | <u>(150,981)</u>               |
| <b>Total Other Financing<br/>Sources and (Uses)</b>  | <b>(150,981)</b>     | <b>150,981</b>   | <b>-</b>                  | <b>180,546</b>    | <b>16,697,290</b>   | <b>-</b>                      | <b>-</b>          | <b>16,877,836</b>              |
| <b>Net Change in Fund Balances</b>                   | <b>(511,882)</b>     | <b>-</b>         | <b>130,249</b>            | <b>180,546</b>    | <b>11,801,953</b>   | <b>38,271</b>                 | <b>1,391</b>      | <b>11,640,528</b>              |
| Fund Balances (Deficit) -<br>Beginning of Year       | <u>16,077,320</u>    |                  | <u>106,615</u>            |                   | <u>(11,731,481)</u> | <u>78,174</u>                 | <u>108,469</u>    | <u>4,639,097</u>               |
| End of Year  | <u>\$ 15,565,438</u> | <u>\$ -</u>      | <u>\$ 236,864</u>         | <u>\$ 180,546</u> | <u>\$ 70,472</u>    | <u>\$ 116,445</u>             | <u>\$ 109,860</u> | <u>\$ 16,279,625</u>           |



**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, 2022

Net Change in Fund Balances \$ 11,640,528

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 prior years when they were earned.

\$ (153,861)

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable  
Decrease in workers' compensation liabilities

58,713  
204,409

109,261

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/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions  
Depreciation/amortization expense

5,295,228  
(1,858,147)

3,437,081

Long-Term Debt Transactions Differences

Proceeds and premiums from the issuance of debt 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

Issuance of bonds  
Issuance of leases  
Premium on obligation

(15,460,000)  
(262,290)  
(180,546)

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

(975,000)

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  
Amortization of deferred charges

151,303  
(53,385)

97,918

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 BANS from appropriations  
Repayment of energy performance contract  
Repayment of lease liabilities

3,260,917  
975,000  
310,577  
208,832

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, 2021 to June 30, 2022.

(76,983)

(12,101,575)

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

5,075,203  
886,252  
(9,525,880)

(3,564,425)

Change in Net Position of Governmental Activities

\$ (479,130)

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2022

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

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

|   | Custodial    |
|---|--------------|
| <b>ADDITIONS</b>                                    |              |
| Real property taxes collected for the Library       | \$ 3,628,272 |
| <b>DEDUCTIONS</b>                                   |              |
| Disbursements of real property taxes to the Library | 3,628,272    |
| 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**

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**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 (Board) 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)

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**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 and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, 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.

**Debt Service Fund** - accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt of governmental activities.

**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. The Board 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. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

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

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

**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)

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**E. Real Property Taxes and Other Tax Items**

Calendar

Real property taxes are levied annually by the Board no later than November 1<sup>st</sup> and become a lien on December 1<sup>st</sup>. 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.

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenues.

**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.

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

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**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 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.

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

All capital assets, except land and construction in progress, are depreciated/amortized 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<br>Threshold | Estimated<br>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               |
| Leased equipment           | 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 and represents the change in the total other postemployment benefits liability 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 prepaid lunch amounts and supply chain assistance monies in the school food service fund. 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)

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**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 30<sup>th</sup>.

**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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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**S. Long-Term Debt**

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the district-wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

**T. 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 split dollar life insurance receivables, and amounts due from other governments for tuition charges. 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 the change in the total other postemployment benefits liability not included in OPEB expense.

**U. 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/amortization) 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.

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

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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:

*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.

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

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*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.

*Restricted for Debt Service*

Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

*Restricted – Unspent Bond Proceeds*

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

*Restricted for Scholarships*

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

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

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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. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

**3. 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 statements issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

| <b>Effective for the Year Ending</b> | <b>Statement</b>  |
|--------------------------------------|---|
| June 30, 2023                        | GASB No. 96 - <i>Subscription Based Information Technology Agreements</i> |

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

**4. 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 deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

**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.

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

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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/amortization 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.

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 health 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.

**5. 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.

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

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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:

|                                    |                   |
|------------------------------------|-------------------|
| Contingent expenditures funded by: |                   |
| Electronic connectivity funds      | \$ 306,298        |
| Insurance recoveries               | 434               |
| Donations                          | <u>2,650</u>      |
|                                    | <u>\$ 309,382</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.

**6. 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.

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

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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.

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2022, the District was billed \$4,943,499 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,147,838. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

**8. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2022 consisted of:

|  |                     |
|--|---------------------|
| General Fund   |                     |
| New York State -excess cost aid                          | \$ 245,256          |
| New York State -general aid                              | 351,485             |
| Federal CARES Act funding                                | <u>15,338</u>       |
|  | 612,079             |
|  |                     |
| Special Aid Fund   |                     |
| Federal and state grants                                 | 964,226             |
|  |                     |
| School Food Service                                      |                     |
| Federal and state food service<br>program reimbursements | <u>149,497</u>      |
|  | <u>\$ 1,725,802</u> |

District management expects these amounts to be fully collectible.

**9. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2022 consisted of:

|  |                     |
|--|---------------------|
| General Fund                           |                     |
| BOCES aid                              | \$ 1,147,838        |
| Other districts - charges for services | 59,593              |
| E-Rate for electronic connectivity     | <u>306,298</u>      |
|  | <u>\$ 1,513,729</u> |

District management expects these amounts to be fully collectible.



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

**10. CAPITAL ASSETS**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the inclusion of leased equipment as capital assets. As a result, capital assets, net balance at June 30, 2021, was increased \$489,082. Capital assets balances and activity for the year ended June 30, 2022 were as follows:

|  | As Restated<br>Balance<br>June 30, 2021 | Additions            | Reductions             | Balance<br>June 30, 2022 |
|--|---|----------------------|------------------------|--------------------------|
| Governmental activities                                  |   |                      |                        |                          |
| Capital assets not being depreciated/amortized           |   |                      |                        |                          |
| Land   | \$ 175,681                              | \$                   | \$                     | \$ 175,681               |
| Construction in progress                                 | 43,633,586                              | 4,633,049            | (12,675,181)           | 35,591,454               |
| Total capital assets<br>not being depreciated/amortized  | 43,809,267                              | 4,633,049            | (12,675,181)           | 35,767,135               |
| Capital assets being depreciated/amortized               |   |                      |                        |                          |
| Buildings and improvements                               | 75,228,769                              | 12,675,181           |                        | 87,903,950               |
| Site improvements  | 732,275                                 | 72,284               |                        | 804,559                  |
| Furniture and equipment                                  | 1,415,051                               | 327,605              |                        | 1,742,656                |
| Licensed vehicles  | 674,946                                 |                      |                        | 674,946                  |
| Leased equipment and fixtures                            | 489,082                                 | 262,290              |                        | 751,372                  |
| Total capital assets<br>being depreciated/amortized      | 78,540,123                              | 13,337,360           | -                      | 91,877,483               |
| Less accumulated depreciation/amortization               |   |                      |                        |                          |
| Buildings and improvements                               | 35,356,378                              | 1,446,313            |                        | 36,802,691               |
| Site improvements  | 653,652                                 | 17,640               |                        | 671,292                  |
| Furniture and equipment                                  | 944,238                                 | 125,337              |                        | 1,069,575                |
| Licensed vehicles  | 388,154                                 | 49,427               |                        | 437,581                  |
| Leased equipment and fixtures                            | -                                       | 219,430              |                        | 219,430                  |
| Total accumulated<br>depreciation/amortization           | 37,342,422                              | 1,858,147            | -                      | 39,200,569               |
| Total capital assets<br>being depreciated/amortized, net | 41,197,701                              | 11,479,213           | -                      | 52,676,914               |
| Capital assets, net                                      | <u>\$ 85,006,968</u>                    | <u>\$ 16,112,262</u> | <u>\$ (12,675,181)</u> | <u>\$ 88,444,049</u>     |

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

Depreciation/amortization expenses were allocated to governmental functions as follows:

|   |                     |
|---|---------------------|
| General support                         | \$ 68,159           |
| Instruction                             | 1,780,257           |
| Pupil transportation                    | 4,957               |
| Food service program                    | <u>4,774</u>        |
| Total depreciation/amortization expense | <u>\$ 1,858,147</u> |

**B. Lease Liabilities**

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between three and five years with interest rates ranging from 2.16% to 5.00%. These leases are included in leased equipment and leased vehicles in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

**11. 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, 2022, total cash surrender value for these policies amounted to \$684,978, 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.

**12. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2022, are as follows:

|                          | Interfund           |                     |                   |                   |
|--------------------------|---------------------|---------------------|-------------------|-------------------|
|                          | Receivable          | Payable             | Transfers In      | Transfers Out     |
| General Fund             | \$ 1,043,631        | \$ 386,903          | \$                | \$ 150,981        |
| Special Aid Fund         | 74,477              | 1,007,308           | 150,981           |                   |
| School Food Service Fund | 131,629             |                     |                   |                   |
| Debt Service Fund        | 180,546             |                     |                   |                   |
| Capital Projects Fund    | <u>252</u>          | <u>36,324</u>       |                   |                   |
| Total Governmental Funds | <u>\$ 1,430,535</u> | <u>\$ 1,430,535</u> | <u>\$ 150,981</u> | <u>\$ 150,981</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.

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

**13. SHORT-TERM DEBT**

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

|     | Maturity  | Stated<br>Interest<br>Rate | Balance<br>June 30, 2021 | Issued      | Redeemed               | Balance<br>June 30, 2022 |
|-----|-----------|----------------------------|--------------------------|-------------|------------------------|--------------------------|
| BAN | 7/16/2021 | 1.25%                      | \$ 16,435,000            | \$          | \$ (16,435,000)        | \$ -                     |
| TAN | 6/24/2022 | 1.50%                      | 15,000,000               |             | (15,000,000)           | -                        |
|     |           |                            | <u>\$ 31,435,000</u>     | <u>\$ -</u> | <u>\$ (31,435,000)</u> | <u>\$ -</u>              |

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town. The BANs were issued to provide cash for the District's capital projects.

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

|   |                   |
|---|-------------------|
| Interest paid                             | \$ 357,312        |
| Less interest accrued in the prior year   | <u>(196,432)</u>  |
| Total interest expense on short-term debt | <u>\$ 160,880</u> |

**14. LONG-TERM LIABILITIES**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in lease liabilities. Long-term liability balances and activity, excluding pensions and other postemployment benefits liabilities, for the year are summarized below.

|  | As Restated<br>Balance<br>June 30, 2021 | Additions            | Reductions            | Balance<br>June 30, 2022 | Amounts<br>Due Within<br>One Year |
|--|---|----------------------|-----------------------|--------------------------|-----------------------------------|
| <b><u>Long-term debt:</u></b>              |   |                      |                       |                          |                                   |
| Bonds payable                              | \$ 35,695,917                           | \$ 15,460,000        | \$ (3,260,917)        | \$ 47,895,000            | \$ 3,895,000                      |
| Premium on refunding                       | 432,741                                 | 180,546              | (151,303)             | 461,984                  | 137,448                           |
|  | <u>36,128,658</u>                       | <u>15,640,546</u>    | <u>(3,412,220)</u>    | <u>48,356,984</u>        | <u>4,032,448</u>                  |
| Energy performance contract                | 2,502,924                               |                      | (310,577)             | 2,192,347                | 317,416                           |
| Lease liabilities                          | 489,082                                 | 262,290              | (208,832)             | 542,540                  | 205,636                           |
|  | <u>39,120,664</u>                       | <u>15,902,836</u>    | <u>(3,931,629)</u>    | <u>51,091,871</u>        | <u>4,555,500</u>                  |
| <b><u>Other long-term liabilities:</u></b> |   |                      |                       |                          |                                   |
| Compensated absences                       | 4,088,057                               |                      | (58,713)              | 4,029,344                | 215,000                           |
| Workers' compensation                      | 1,180,013                               | 337,199              | (541,608)             | 975,604                  | 430,000                           |
|  | <u>5,268,070</u>                        | <u>337,199</u>       | <u>(600,321)</u>      | <u>5,004,948</u>         | <u>645,000</u>                    |
|  | <u>\$ 44,388,734</u>                    | <u>\$ 16,240,035</u> | <u>\$ (4,531,950)</u> | <u>\$ 56,096,819</u>     | <u>\$ 5,200,500</u>               |

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

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

| Description                      | Issue Date | Final Maturity | Interest Rate | Outstanding at June 30, 2022 |
|----------------------------------|------------|----------------|---------------|------------------------------|
| Serial bonds - advance refunding | 1/9/2013   | 10/1/2024      | 2.0-4.0%      | \$ 1,050,000                 |
| Serial bonds - advance refunding | 6/19/2014  | 9/15/2025      | 2.0-5.0%      | 5,105,000                    |
| Serial bonds                     | 10/4/2018  | 10/1/2033      | 3.00-3.25%    | 10,850,000                   |
| Serial bonds - Library           | 2/4/2021   | 2/1/2036       | 1.125-1.50%   | 15,430,000                   |
| Serial bonds                     | 7/15/2021  | 7/15/2041      | 2.0-2.25%     | 15,460,000                   |
|                                  |            |                |               | <u>\$ 47,895,000</u>         |

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

| Year Ending June 30, | Principal            | Interest            | Total                |
|----------------------|----------------------|---------------------|----------------------|
| 2023                 | \$ 3,895,000         | \$ 1,235,291        | \$ 5,130,291         |
| 2024                 | 4,075,000            | 955,169             | 5,030,169            |
| 2025                 | 4,115,000            | 828,600             | 4,943,600            |
| 2026                 | 4,050,000            | 703,700             | 4,753,700            |
| 2027                 | 2,610,000            | 617,100             | 3,227,100            |
| 2028 - 2032          | 14,285,000           | 2,253,750           | 16,538,750           |
| 2033 - 2037          | 10,740,000           | 887,872             | 11,627,872           |
| 2038 - 2042          | 4,125,000            | 227,390             | 4,352,390            |
| Total                | <u>\$ 47,895,000</u> | <u>\$ 7,708,872</u> | <u>\$ 55,603,872</u> |

**C. Advance Bond 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) |
|----------------------|----------------------------------|-------------------------|--------------------------------------|
| 2023                 | \$ 42,548                        | \$ (137,448)            | \$ (94,900)                          |
| 2024                 | 31,145                           | (104,478)               | (73,333)                             |
| 2025                 | 19,130                           | (69,773)                | (50,643)                             |
| 2026                 | 6,478                            | (33,201)                | (26,723)                             |
| 2027                 |                                  | (14,059)                |                                      |
| 2028 - 2032          |                                  | (57,225)                |                                      |
| 2033 - 2037          |                                  | (34,350)                |                                      |
| 2038 - 2042          |                                  | (11,450)                |                                      |
| Total                | <u>\$ 99,301</u>                 | <u>\$ (461,984)</u>     | <u>\$ (245,599)</u>                  |

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

**D. Energy Performance Contract**

Energy performance contract debt is comprised of the following:

| Description                 | Issue Date | Final Maturity | Interest Rate | Outstanding at June 30, 2022 |
|-----------------------------|------------|----------------|---------------|------------------------------|
| Energy performance contract | 5/23/2013  | 11/15/2028     | 2.19%         | <u>\$ 2,192,347</u>          |

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

| Year Ending June 30, | Principal           | Interest          | Total               |
|----------------------|---------------------|-------------------|---------------------|
| 2023                 | \$ 317,416          | \$ 46,284         | \$ 363,700          |
| 2024                 | 324,405             | 39,294            | 363,699             |
| 2025                 | 331,549             | 32,151            | 363,700             |
| 2026                 | 338,849             | 24,851            | 363,700             |
| 2027                 | 346,311             | 17,389            | 363,700             |
| 2028 - 2029          | <u>533,817</u>      | <u>11,733</u>     | <u>545,550</u>      |
| Total                | <u>\$ 2,192,347</u> | <u>\$ 171,702</u> | <u>\$ 2,364,049</u> |

**E. Lease Liabilities**

Lease liabilities are comprised of the following:

| Description                       | Commencement Date | Final Maturity | Interest Rate | Outstanding at June 30, 2022 |
|-----------------------------------|-------------------|----------------|---------------|------------------------------|
| BOCES - Administrative Servers    | 6/1/2018          | 5/31/2023      | 4.00%         | \$ 27,902                    |
| BOCES - Xerox Network Copiers     | 4/1/2019          | 3/31/2023      | 2.16%         | 26,428                       |
| BOCES - Instructional Computers   | 12/1/2019         | 11/30/2024     | 5.00%         | 119,503                      |
| BOCES - SmartBoards & Accessories | 4/1/2020          | 3/31/2025      | 5.00%         | 93,759                       |
| BOCES - Xerox Network Copiers     | 6/1/2021          | 5/31/2025      | 3.50%         | 61,514                       |
| BOCES - SmartBoards & Computers   | 7/1/2021          | 6/30/2026      | 3.50%         | <u>213,434</u>               |
|                                   |                   |                |               | <u>\$ 542,540</u>            |

The following is a summary of debt service requirements for lease liabilities:

| Year Ending June 30, | Principal         | Interest         | Total             |
|----------------------|-------------------|------------------|-------------------|
| 2023                 | \$ 205,636        | \$ 16,132        | \$ 221,768        |
| 2024                 | 157,941           | 10,698           | 168,639           |
| 2025                 | 122,776           | 6,590            | 129,366           |
| 2026                 | <u>56,187</u>     | <u>1,073</u>     | <u>57,260</u>     |
| Total                | <u>\$ 542,540</u> | <u>\$ 34,493</u> | <u>\$ 577,033</u> |

There were no additional lease commitments entered into by the District after June 30, 2022.

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

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**F. Interest Expense**

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

|  |                     |
|--|---------------------|
| Interest paid                                      | \$ 950,175          |
| Less interest accrued in the prior year            | (281,175)           |
| Plus interest accrued in the current year          | 554,590             |
| Less amortization of deferred amounts on refunding | <u>(97,918)</u>     |
| Total interest expense on long-term debt           | <u>\$ 1,125,672</u> |

**15. LIBRARY BOND**

In December 2018, 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 enough to transfer to the District for the ensuing debt service payments.

On February 4, 2021, the District issued \$16,445,917 in serial bonds on behalf of the Library, which mature on February 1, 2036. As of June 30, 2022, the District has fully expended and incurred expenditures totaling \$16,847,800 that have been recorded in the capital projects fund.

**16. 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, defined benefit, 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 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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

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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 on the NYS Comptroller's website 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 30<sup>th</sup>, 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 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. 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 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.15% of covered payroll for the ERS' fiscal year ended March 31, 2022.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022 was \$3,228,210 for TRS at the contribution rate of 9.80% and \$1,059,220 for ERS at an average contribution rate of 13.38%.

**D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, 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, 2021, for TRS and March 31, 2022 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.

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

|   | <u>TRS</u>    | <u>ERS</u>     |
|---|---------------|----------------|
| Measurement date  | June 30, 2021 | March 31, 2022 |
| District's proportionate share of the net pension assets  | \$ 32,994,956 | \$ 1,975,528   |
| District's portion of the Plan's total net pension assets | 0.190403%     | 0.0241667%     |
| Change in proportion since the prior measurement date     | 0.006513      | 0.0018760      |

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(1,851,448) for TRS and \$121,924 for ERS. At June 30, 2022, 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  | \$ 4,548,005                          | \$ 149,610          | \$ 171,423                           | \$ 194,052          |
| Changes of assumptions  | 10,852,731                            | 3,296,935           | 1,921,859                            | 55,632              |
| Net difference between projected and actual earnings on pension plan investments                                    |                                       |                     | 34,532,635                           | 6,469,028           |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 221,989                               | 317,430             | 217,650                              | 39,579              |
| District contributions subsequent to the measurement date   | <u>3,228,310</u>                      | <u>262,500</u>      |                                      |                     |
| Total   | <u>\$ 18,851,035</u>                  | <u>\$ 4,026,475</u> | <u>\$ 36,843,567</u>                 | <u>\$ 6,758,291</u> |

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>TRS</u>             | <u>ERS</u>            |
|-----------------------------|------------------------|-----------------------|
| 2023                        | \$ (4,212,859)         | \$ (414,148)          |
| 2024                        | (4,964,961)            | (652,241)             |
| 2025                        | (6,315,660)            | (1,625,882)           |
| 2026                        | (8,340,342)            | (302,045)             |
| 2027                        | 1,540,218              |                       |
| Thereafter                  | <u>1,072,762</u>       |                       |
|                             | <u>\$ (21,220,842)</u> | <u>\$ (2,994,316)</u> |



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

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, 2021 | March 31, 2022 |
| Actuarial valuation date   | June 30, 2020 | April 1, 2021  |
| Inflation  | 2.40%         | 2.70%          |
| Salary increases   | 1.95-5.18%    | 4.40%          |
| Investment rate of return (net of investment expense, including inflation) | 6.95%         | 5.90%          |
| Cost of living adjustments   | 1.30%         | 1.40%          |

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2021 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The June 30, 2020 demographic actuarial assumptions and the salary scale 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, 2015 – March 31, 2020.

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.

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:

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

|                         | TRS               |  | ERS               |  |
|-------------------------|-------------------|--|-------------------|--|
|                         | Target Allocation | Long-term Expected Real Rate of Return | Target Allocation | Long-term Expected Real Rate of Return |
| Measurement date        |                   | June 30, 2021                          |                   | March 31, 2022                         |
| Asset type              |                   |  |                   |  |
| Domestic equity         | 33.0%             | 6.80%                                  | 32.0%             | 3.30%                                  |
| International equity    | 16.0%             | 7.60%                                  | 15.0%             | 5.85%                                  |
| Global equity           | 4.0%              | 7.10%                                  |                   |  |
| Real estate             | 11.0%             | 6.50%                                  | 9.0%              | 5.00%                                  |
| Private equities        | 8.0%              | 10.00%                                 | 10.0%             | 6.50%                                  |
| Alternative investments |                   |  | 10.0%             | 3.78-5.58%                             |
| Domestic fixed income   | 16.0%             | 1.30%                                  |                   |  |
| Global bonds            | 2.0%              | 0.80%                                  |                   |  |
| High-yield bonds        | 1.0%              | 3.80%                                  |                   |  |
| Fixed income            |                   |  | 23.0%             | 0.00%                                  |
| Private debt            | 1.0%              | 5.90%                                  |                   |  |
| Real estate debt        | 7.0%              | 3.30%                                  |                   |  |
| Cash equivalents        | 1.0%              | (0.20)%                                |                   |  |
| Cash                    |                   |  | 1.0%              | -1.00%                                 |
|                         | 100.0%            |  | 100.0%            |  |

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). 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.

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 6.95% for TRS and 5.90% 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 (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

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

| TRS   | 1% Decrease<br>5.95% | Current<br>Assumption<br>6.95% | 1% Increase<br>7.95% |
|---|----------------------|--------------------------------|----------------------|
| District's proportionate share of the net pension asset (liability) | \$ 3,462,340         | \$ 32,994,956                  | \$ 57,814,977        |
| ERS   | 1% Decrease<br>4.90% | Current<br>Assumption<br>5.90% | 1% Increase<br>6.90% |
| District's proportionate share of the net pension asset (liability) | \$ (5,084,988)       | \$ 1,975,528                   | \$ 7,881,310         |

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, 2021                 | March 31, 2022   |
| Employers' total pension liability   | \$ (130,819,415)              | \$ (223,874,888) |
| Plan fiduciary net position  | 148,148,457                   | 232,049,473      |
| Employers' net pension asset   | \$ 17,329,042                 | \$ 8,174,585     |
| Ratio of plan fiduciary net position to the employers' total pension liability | 113.25%                       | 103.65%          |

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, 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, 2022 amounted to \$3,228,310 of employer contributions and \$127,028 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$262,500 of employer contributions. Employee contributions are remitted monthly.

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

**17. 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, 2022, totaled \$205,569 and \$1,845,855, 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, 2022 totaled \$221,341.

**18. 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, 2021, 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   | 227 |
|  | 458 |

**B. Total OPEB Liability**

The District’s total OPEB liability of \$120,010,897 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability, 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:

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

|  |        |   |
|--|--------|---|
| Salary increases                         | 2.50%  | average, including inflation                        |
| Discount rate                            | 2.16%  |   |
| Healthcare cost trend rates              | 7.00%  | decreasing to an ultimate rate of 4.04% in 2089     |
| 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, 2021                           | <u>\$ 115,652,399</u>        |
| Changes for the year                               |                              |
| Service cost                                       | 4,277,179                    |
| Interest on total OPEB liability                   | 2,472,270                    |
| Changes of benefit terms                           | -                            |
| Differences between expected and actual experience | -                            |
| Changes in assumptions or other inputs             | -                            |
| Benefit payments                                   | <u>(2,390,951)</u>           |
|  | <u>4,358,498</u>             |
| Balance at June 30, 2022                           | <u><u>\$ 120,010,897</u></u> |

*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 (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

| OPEB                 | 1% Decrease<br>1.16%    | Discount<br>Rate<br>2.16% | 1% Increase<br>3.16%   |
|----------------------|-------------------------|---------------------------|------------------------|
| Total OPEB liability | <u>\$ (144,412,927)</u> | <u>\$ (120,010,897)</u>   | <u>\$(100,786,303)</u> |

*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 (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

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

|                      | 1% Decrease<br>6.00%<br>increasing to<br>3.04% | Healthcare Cost<br>Trend Rates<br>7.00%<br>increasing to<br>4.04% | 1% Increase<br>8.00%<br>increasing to<br>5.04% |
|----------------------|--|---|--|
| <u>OPEB</u>          |  |   |  |
| Total OPEB liability | <u>\$(96,272,970)</u>                          | <u>\$ (120,010,897)</u>   | <u>\$ (151,809,304)</u>                        |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$11,916,831. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

|  | Deferred                 |                         |
|--|--------------------------|-------------------------|
|  | Outflows<br>of Resources | Inflows<br>of Resources |
| Differences between expected and actual experience | \$ 6,828,055             | \$ 15,943,484           |
| Changes of assumptions or other inputs             | 20,164,282               |                         |
| Total  | <u>\$ 26,992,337</u>     | <u>\$ 15,943,484</u>    |

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               |
|----------------------|----------------------|
| 2023                 | \$ 5,167,382         |
| 2024                 | 3,895,959            |
| 2025                 | (69,225)             |
| 2026                 | 1,295,772            |
| 2027                 | 758,965              |
|                      | <u>\$ 11,048,853</u> |

**19. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2022, consists mainly of split dollar life insurance receivables and, amounts due from other governments, which are unavailable. Unavailable revenues, in the general fund at June 30, 2022, total \$759,095.

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

**20. 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.

**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:

|   | 2021         | 2022         |
|---|--------------|--------------|
| Unpaid claims at beginning of year            | \$ 1,109,378 | \$ 1,180,013 |
| Incurred claims and claim adjustment expenses | 575,120      | 337,199      |
| Claim payments                                | (504,485)    | (541,608)    |
| Unpaid claims at year end                     | \$ 1,180,013 | \$ 975,604   |

At June 30, 2022, the District had \$1,140,169 of funds in the workers' compensation reserve.

**21. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$2,695,700 has been appropriated to reduce taxes for the year ending June 30, 2023.

**22. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

The District expects to appropriate \$700,000 from the retirement contribution reserve for ERS and \$427,525 from the worker's compensation reserve, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023.

**23. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

|  |            |
|--|------------|
| Assigned: Unappropriated Fund Balance: |            |
| General Fund                           |            |
| General Support                        | \$ 210,245 |
| Instruction                            | 70,468     |
| Pupil Transportation                   | 7,568      |
|  | \$ 288,281 |

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

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**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.

**24. 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.



**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, 2022

|   | Original<br>Budget   | Final<br>Budget      | Actual            | Final Budget<br>Variance with<br>Actual |
|---|----------------------|----------------------|-------------------|---|
| <b>REVENUES</b>   |                      |                      |                   |   |
| Local Sources   |                      |                      |                   |   |
| Real property taxes                                     | \$ 55,530,215        | \$ 51,919,357        | \$ 51,919,357     | \$ -                                    |
| Other tax items   |                      | 3,610,858            | 3,612,290         | 1,432                                   |
| Charges for services                                    | 760,000              | 760,000              | 524,931           | (235,069)                               |
| Use of money and property                               | 257,200              | 257,200              | 75,565            | (181,635)                               |
| Sale of property and<br>compensation for loss           | 75,000               | 75,434               | 43,192            | (32,242)                                |
| Miscellaneous   | 1,441,344            | 1,443,994            | 1,980,090         | 536,096                                 |
| <b>Total Local Sources</b>                              | <b>58,063,759</b>    | <b>58,066,843</b>    | <b>58,155,425</b> | <b>88,582</b>                           |
| State Sources   | 17,174,776           | 17,174,776           | 17,085,426        | (89,350)                                |
| Medicaid Reimbursement                                  | 50,000               | 50,000               | 45,806            | (4,194)                                 |
| Federal Sources   |                      | 306,298              | 306,298           | -                                       |
| <b>Total Revenues</b>                                   | <b>75,288,535</b>    | <b>75,597,917</b>    | <b>75,592,955</b> | <b>\$ (4,962)</b>                       |
| <b>APPROPRIATED FUND BALANCE</b>                        |                      |                      |                   |   |
| Prior Years' Surplus                                    | 1,684,000            | 1,684,000            |                   |   |
| Prior Year's Encumbrances                               | 212,360              | 212,360              |                   |   |
| <b>Total Appropriated Fund Balance</b>                  | <b>1,896,360</b>     | <b>1,896,360</b>     |                   |   |
| <b>Total Revenues and<br/>Appropriated Fund Balance</b> | <b>\$ 77,184,895</b> | <b>\$ 77,494,277</b> |                   |   |

**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, 2022

|  | Original<br>Budget | Final<br>Budget | Actual        | Year End<br>Encumbrances | Final Budget<br>Variance with<br>Actual<br>& Encumbrances |
|--|--------------------|-----------------|---------------|--------------------------|---|
| <b>EXPENDITURES</b>                        |                    |                 |               |                          |   |
| General Support                            |                    |                 |               |                          |   |
| Board of education                         | \$ 87,620          | \$ 102,243      | \$ 93,483     | \$                       | \$ 8,760  |
| Central administration                     | 425,279            | 413,407         | 407,519       |                          | 5,888   |
| Finance                                    | 881,206            | 963,559         | 898,269       | 36,200                   | 29,090  |
| Staff                                      | 508,167            | 475,618         | 449,263       |                          | 26,355  |
| Central services                           | 6,318,032          | 6,159,268       | 5,823,117     | 174,045                  | 162,106   |
| Special items                              | 757,088            | 736,436         | 728,719       |                          | 7,717   |
| Total General Support                      | 8,977,392          | 8,850,531       | 8,400,370     | 210,245                  | 239,916   |
| Instruction                                |                    |                 |               |                          |   |
| Administration & improvement               | 1,747,512          | 1,831,676       | 1,802,743     | 3,700                    | 25,233  |
| Teaching - regular school                  | 25,705,594         | 25,417,123      | 25,278,260    | 17,840                   | 121,023   |
| Programs for students<br>with disabilities | 10,496,396         | 9,629,015       | 9,576,686     |                          | 52,329  |
| Occupational education                     | 342,323            | 342,323         | 342,323       |                          | -   |
| Teaching - special schools                 | 47,220             | 47,220          | 22,287        |                          | 24,933  |
| Instructional media                        | 2,139,851          | 2,051,260       | 1,917,086     | 41,268                   | 92,906  |
| Pupil services                             | 4,001,523          | 4,178,182       | 4,098,120     | 7,660                    | 72,402  |
| Total Instruction                          | 44,480,419         | 43,496,799      | 43,037,505    | 70,468                   | 388,826   |
| Pupil Transportation                       | 1,592,076          | 1,846,625       | 1,783,548     | 7,568                    | 55,509  |
| Employee Benefits                          | 17,321,941         | 17,044,736      | 16,669,620    |                          | 375,116   |
| Debt Service                               |                    |                 |               |                          |   |
| Principal                                  | 3,727,123          | 4,755,326       | 4,755,326     |                          | -   |
| Interest                                   | 975,944            | 1,349,260       | 1,307,487     |                          | 41,773  |
| Total Debt Service                         | 4,703,067          | 6,104,586       | 6,062,813     | -                        | 41,773  |
| Total Expenditures                         | 77,074,895         | 77,343,277      | 75,953,856    | 288,281                  | 1,101,140   |
| <b>OTHER FINANCING USES</b>                |                    |                 |               |                          |   |
| Operating Transfers Out                    | 110,000            | 151,000         | 150,981       |                          | 19  |
| Total Expenditures and Other Uses          | \$ 77,184,895      | \$ 77,494,277   | 76,104,837    | \$ 288,281               | \$ 1,101,159  |
| Net Change in Fund Balance                 |                    |                 | (511,882)     |                          |   |
| Fund Balance - Beginning of Year           |                    |                 | 16,077,320    |                          |   |
| Fund Balance - End of Year                 |                    |                 | \$ 15,565,438 |                          |   |

**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 Eight Fiscal Years

|  | <i>Teachers' Retirement System</i>  |                |                |                |               |                |                |               |
|--|-------------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|
|  | <u>2022</u>                         | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>   | <u>2017</u>    | <u>2016</u>    | <u>2015</u>   |
| District's proportion of the net pension asset/(liability)   | 0.190403%                           | 0.183890%      | 0.185120%      | 0.185214%      | 0.186405%     | 0.192156%      | 0.193011%      | 0.191164%     |
| District's proportionate share of the net pension asset/(liability)  | \$ 32,994,956                       | \$ (5,081,391) | \$ 4,809,435   | \$ 3,349,164   | \$ 1,416,863  | \$ (2,058,075) | \$ 20,047,664  | \$ 21,294,507 |
| District's covered payroll   | \$ 32,317,440                       | \$ 31,931,011  | \$ 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 | 102.10 %                            | 15.91 %        | 15.42 %        | 11.02 %        | 4.74 %        | 6.89 %         | 68.94 %        | 74.93 %       |
| Plan fiduciary net position as a percentage of the total pension asset/(liability)                         | 113.25%                             | 97.76%         | 102.17%        | 101.53%        | 100.66%       | 99.01%         | 110.46%        | 111.48%       |
| Discount rate  | 6.95%                               | 7.10%          | 7.10%          | 7.25%          | 7.25%         | 7.50%          | 8.00%          | 8.00%         |
|  | <i>Employees' Retirement System</i> |                |                |                |               |                |                |               |
|  | <u>2022</u>                         | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>   | <u>2017</u>    | <u>2016</u>    | <u>2015</u>   |
| District's proportion of the net pension asset/(liability)   | 0.0241667%                          | 0.0222907%     | 0.0225994%     | 0.0233529%     | 0.0233278%    | 0.0231027%     | 0.0224819%     | 0.0218051%    |
| District's proportionate share of the net pension asset/(liability)  | \$ 1,975,528                        | \$ (22,196)    | \$ (5,984,462) | \$ (1,654,626) | \$ (752,893)  | \$ (2,170,783) | \$ (3,608,404) | \$ (736,631)  |
| District's covered payroll   | \$ 7,914,328                        | \$ 7,624,620   | \$ 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 asset/(liability) as a percentage of its covered payroll | 24.96 %                             | 0.29 %         | 81.98 %        | 23.44 %        | 10.99 %       | 33.02 %        | 55.06 %        | 11.20 %       |
| Plan fiduciary net position as a percentage of the total pension asset/(liability)                         | 103.65%                             | 99.95%         | 86.39%         | 96.27%         | 98.24%        | 94.70%         | 90.68%         | 97.95%        |
| Discount rate  | 5.90%                               | 5.90%          | 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*

|  | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             | 2013             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 3,228,310     | \$ 3,079,852     | \$ 2,765,386     | \$ 3,279,368     | \$ 2,956,596     | \$ 3,461,975     | \$ 3,931,810     | \$ 5,082,392     | \$ 4,554,931     | \$ 3,270,009     |
| Contributions in relation to the contractually required contribution | <u>3,228,310</u> | <u>3,079,852</u> | <u>2,765,386</u> | <u>3,279,368</u> | <u>2,956,596</u> | <u>3,461,975</u> | <u>3,931,810</u> | <u>5,082,392</u> | <u>4,554,931</u> | <u>3,270,009</u> |
| 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   | \$ 34,040,885    | \$ 32,317,440    | \$ 31,931,011    | \$ 31,189,228    | \$ 30,394,804    | \$ 29,873,984    | \$ 29,855,844    | \$ 29,081,147    | \$ 28,418,668    | \$ 27,879,431    |
| Contributions as a percentage of covered payroll                     | 10%              | 10%              | 9%               | 11%              | 10%              | 12%              | 13%              | 17%              | 16%              | 12%              |

*Employees' Retirement System*

|  | 2022             | 2021           | 2020             | 2019           | 2018           | 2017           | 2016             | 2015             | 2014             | 2013             |
|--|------------------|----------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 1,155,407     | \$ 991,471     | \$ 1,029,746     | \$ 950,135     | \$ 933,271     | \$ 969,373     | \$ 1,019,711     | \$ 1,155,269     | \$ 1,252,436     | \$ 1,052,017     |
| Contributions in relation to the contractually required contribution | <u>1,155,407</u> | <u>991,471</u> | <u>1,029,746</u> | <u>950,135</u> | <u>933,271</u> | <u>969,373</u> | <u>1,019,711</u> | <u>1,155,269</u> | <u>1,252,436</u> | <u>1,052,017</u> |
| 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   | \$ 7,984,323     | \$ 7,784,888   | \$ 7,301,396     | \$ 7,112,450   | \$ 6,889,942   | \$ 6,709,942   | \$ 6,543,305     | \$ 6,479,752     | \$ 6,295,783     | \$ 6,220,096     |
| Contributions as a percentage of covered payroll                     | 14%              | 13%            | 14%              | 13%            | 14%            | 14%            | 16%              | 18%              | 20%              | 17%              |

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

|  | 2022                      | 2021                      | 2020                      | 2019                      | 2018                      |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total OPEB liability   |                           |                           |                           |                           |                           |
| Service cost   | \$ 4,277,179              | \$ 4,186,746              | \$ 3,505,494              | \$ 3,386,951              | \$ 3,741,199              |
| Interest   | 2,472,270                 | 2,381,494                 | 3,392,073                 | 3,249,817                 | 2,828,320                 |
| Changes in benefit terms   | -                         | (4,850,884)               | -                         | -                         | -                         |
| Differences between expected and actual experience               | -                         | (7,712,445)               | -                         | (23,238,511)              | -                         |
| Changes of assumptions or other inputs                           | -                         | 21,482,230                | -                         | 6,701,948                 | 6,306,600                 |
| Benefit payments   | <u>(2,390,951)</u>        | <u>(2,340,398)</u>        | <u>(2,616,566)</u>        | <u>(2,528,083)</u>        | <u>(2,925,802)</u>        |
| Net change in total OPEB liability                               | 4,358,498                 | 13,146,743                | 4,281,001                 | (12,427,878)              | 9,950,317                 |
| Total OPEB liability, beginning                                  | <u>115,652,399</u>        | <u>102,505,656</u>        | <u>98,224,655</u>         | <u>110,652,533</u>        | <u>100,702,216</u>        |
| Total OPEB liability, ending                                     | <u>\$ 120,010,897</u>     | <u>\$ 115,652,399</u>     | <u>\$ 102,505,656</u>     | <u>\$ 98,224,655</u>      | <u>\$ 110,652,533</u>     |
| Covered employee payroll   | \$ 36,430,247             | \$ 35,369,170             | \$ 34,339,046             | \$ 33,501,508             | \$ 31,884,911             |
| Total OPEB liability as a percentage of covered employee payroll | 329.43%                   | 326.99%                   | 298.51%                   | 293.19%                   | 347.04%                   |
| Discount rate  | 2.16%                     | 2.16%                     | 3.50%                     | 3.50%                     | 2.85%                     |
| Healthcare trend rates   | 7.00% to 4.04%<br>by 2089 | 7.00% to 4.04%<br>by 2089 | 9.50% to 5.00%<br>by 2029 | 9.50% to 5.00%<br>by 2029 | 9.50% to 5.00%<br>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, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

|                           |  |                             |
|---------------------------|--|-----------------------------|
| Adopted Budget            |  | \$ 76,972,535               |
| Additions:                |  |                             |
| Prior year's encumbrances |  | <u>212,360</u>              |
| Original Budget           |  | 77,184,895                  |
| Budget revisions          |  | <u>309,382</u>              |
| Final Budget              |  | <u><u>\$ 77,494,277</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

|   |  |                            |
|---|--|----------------------------|
| 2022-2023 voter-approved expenditure budget |  | <u>\$ 80,969,342</u>       |
| Maximum allowed (4% of 2022-2023 budget)    |  | <u><u>\$ 3,238,774</u></u> |

General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:

|   |                  |                            |
|---|------------------|----------------------------|
| Unrestricted fund balance:  |                  |                            |
| Assigned fund balance   | \$ 2,983,981     |                            |
| Unassigned fund balance   | <u>2,970,524</u> |                            |
|   |                  | \$ 5,954,505               |
| Less:   |                  |                            |
| Appropriated fund balance   | 2,695,700        |                            |
| Encumbrances  | <u>288,281</u>   |                            |
| Total adjustments   |                  | <u>2,983,981</u>           |
| General Fund Fund Balance Subject to § 1318 of Real Property Tax Law: |                  | <u><u>\$ 2,970,524</u></u> |

|                   |  |       |
|-------------------|--|-------|
| Actual Percentage |  | 3.67% |
|-------------------|--|-------|

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources -**  
**Capital Projects Fund**  
For the Year Ended June 30, 2022

| PROJECT TITLE                              | Budget               |                      | Expenditures         |                     |                      | Unexpended Balance | Methods of Financing    |                     |                     |                      | Fund Balance<br>June 30, 2022   |
|--|----------------------|----------------------|----------------------|---------------------|----------------------|--------------------|-------------------------|---------------------|---------------------|----------------------|---------------------------------|
|  | June 30, 2021        | June 30, 2022        | Prior Years          | Current Year        | Total                |                    | Proceeds of Obligations | State Aid           | Local Sources       | Total                |                                 |
| <b>2015 Bond Issue</b>                     |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      |                                 |
| 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     | 31,522               | 31,522               | 31,522               |                     | 31,522               | -                  | 31,522                  |                     |                     | 31,522               | -                               |
| Academy St Elementary Security 002-016     | 54,164               | 54,164               | 54,164               |                     | 54,164               | -                  | 54,164                  |                     |                     | 54,164               | -                               |
| Sylvan Ave Elementary Security 006-012     | 84,235               | 84,235               | 84,235               |                     | 84,235               | -                  | 84,235                  |                     |                     | 84,235               | -                               |
| James Wilson Young Security 011-013        | 98,268               | 98,268               | 98,268               |                     | 98,268               | -                  | 98,268                  |                     |                     | 98,268               | -                               |
| High School Security 004-022               | 83,799               | 83,799               | 83,799               |                     | 83,799               | -                  | 83,799                  |                     |                     | 83,799               | -                               |
| Phase 3:                                   |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      |                                 |
| James Wilson Young Renovation 011-014      | 2,969,536            | 2,969,536            | 2,969,536            |                     | 2,969,536            | -                  | 2,969,536               |                     |                     | 2,969,536            | -                               |
| Sylvan Ave Elementary Security 006-015     | 423,762              | 423,762              | 423,762              |                     | 423,762              | -                  | 423,762                 |                     |                     | 423,762              | -                               |
| Phase 4:                                   |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      |                                 |
| Unallocated                                | 752,345              | 752,345              | 752,345              |                     | 752,345              | -                  | 752,345                 |                     |                     | 752,345              | -                               |
| Blue Point Elementary Security 001-019     | 2,743,835            | 2,743,835            | 2,737,717            | 17,916              | 2,755,633            | (11,798)           | 2,743,835               |                     |                     | 2,743,835            | (11,798)                        |
| Academy St Elementary Security 002-017     | 1,837,474            | 1,837,474            | 1,816,570            | 7,629               | 1,824,199            | 13,275             | 1,837,474               |                     |                     | 1,837,474            | 13,275                          |
| High School Security 004-023               | 4,300,854            | 4,300,854            | 4,134,101            | 135,156             | 4,269,257            | 31,597             | 4,300,854               |                     |                     | 4,300,854            | 31,597                          |
| Sylvan Ave Elementary Security 006-014     | 1,297,451            | 1,297,451            | 1,243,823            | 49,547              | 1,293,370            | 4,081              | 1,297,451               |                     |                     | 1,297,451            | 4,081                           |
| James Wilson Young Generator 011-015       | 144,941              | 144,941              | 144,941              |                     | 144,941              | -                  | 113,450                 |                     | 31,491              | 144,941              | -                               |
| James Wilson Young Renovation 011-016      | 7,001,892            | 7,001,892            | 6,895,122            | 75,643              | 6,970,765            | 31,127             | 5,776,892               |                     | 1,225,000           | 7,001,892            | 31,127                          |
| High School Elevator Modernization 004-024 | 23,824               | 23,824               | 21,885               |                     | 21,885               | 1,939              | 23,824                  |                     |                     | 23,824               | 1,939                           |
| Mercury Abatement                          | 567,500              | 567,500              | 552,736              | 14,513              | 567,249              | 251                |                         |                     | 567,500             | 567,500              | 251                             |
| Capital Lease Purchase                     |                      | 262,290              |                      | 262,290             | 262,290              | -                  | 262,290                 |                     |                     | 262,290              | -                               |
| Smart Schools Bond Act                     | 1,518,389            | 1,518,389            | 990,314              |                     | 990,314              | 528,075            |                         | 1,518,389           |                     | 1,518,389            | 528,075                         |
| Library Renovation                         | 16,847,800           | 16,847,800           | 12,515,157           | 4,332,643           | 16,847,800           | -                  | 16,445,917              |                     | 401,883             | 16,847,800           | -                               |
| Totals                                     | <u>\$ 48,865,180</u> | <u>\$ 49,127,470</u> | <u>\$ 43,633,586</u> | <u>\$ 4,895,337</u> | <u>\$ 48,528,923</u> | <u>\$ 598,547</u>  | <u>\$ 45,383,207</u>    | <u>\$ 1,518,389</u> | <u>\$ 2,225,874</u> | <u>\$ 49,127,470</u> | 598,547                         |
|  |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      | Unfunded Smart Schools Bond Act |
|  |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      | (528,075)                       |
|  |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      | Total fund balance              |
|  |                      |                      |                      |                     |                      |                    |                         |                     |                     |                      | <u>\$ 70,472</u>                |

**BAYPORT-BLUE POINT UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2022

|   |                             |
|---|-----------------------------|
| Capital assets, net                                       | <u>\$ 88,444,049</u>        |
| Deduct:   |                             |
| Short-term portion of bonds payable                       | 3,895,000                   |
| Long-term portion of bonds payable                        | 44,000,000                  |
| Less: unspent bond proceeds                               | (70,221)                    |
| Short-term portion of energy performance contract payable | 317,416                     |
| Long-term portion of energy performance contract payable  | 1,874,931                   |
| Short-term portion of lease liabilities                   | 205,636                     |
| Long-term portion of lease liabilities                    | 336,904                     |
|   | <u>50,559,666</u>           |
| Net investment in capital assets                          | <u><u>\$ 37,884,383</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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2022. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

**Report on 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 or significant deficiencies may exist that have not been identified.

## **Report on 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 financial statement. 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 October 4, 2022.

### **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*

October 4, 2022





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

EXTRACLASROOM ACTIVITY FUNDS  
FINANCIAL STATEMENT WITH  
INDEPENDENT AUDITOR'S REPORT

June 30, 2022

**BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
June 30, 2022

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**Table of Contents**

|  | <b><u>Page</u></b> |
|--|--------------------|
| <b><u>Independent Auditor's Report</u></b>   | 1                  |
| <b><u>Financial Statement</u></b>            |                    |
| Statement of Cash Receipts and Disbursements | 3                  |
| Note to Financial Statement                  | 5                  |



## INDEPENDENT AUDITOR'S REPORT

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

### ***Qualified Opinion***

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, 2022, and the related note to the financial statement.

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 "Matter Giving Rise to the Qualified Opinion" paragraph, the financial statement referred to in the paragraph above 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, 2022, on the basis of accounting described in Note 1.B.

### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bayport-Blue Point Union Free School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

### ***Matter Giving Rise to the Qualified Opinion***

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

### ***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.

### ***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.

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Cullen & Danowski, LLP*

October 4, 2022

**BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
For the Year Ended June 30, 2022

|                          | Cash<br>Balance<br><u>June 30, 2021</u> | <u>Receipts</u> | <u>Disbursements</u> | Cash<br>Balance<br><u>June 30, 2022</u> |
|--------------------------|---|-----------------|----------------------|---|
| <b>CLUBS</b>             |   |                 |                      |   |
| <b>High School</b>       |   |                 |                      |   |
| Class of 2020            | \$ 655                                  |                 |                      | \$ 655                                  |
| Class of 2021            | 2,394                                   | 2               |                      | 2,396                                   |
| Class of 2022            | 1,956                                   | 44,970          | 40,653               | 6,273                                   |
| Class of 2023            | 1,406                                   | 18,730          | 15,397               | 4,739                                   |
| Class of 2024            | 2,050                                   | 1,535           | 375                  | 3,210                                   |
| Class of 2025            |   | 3,189           | 13                   | 3,176                                   |
| Boys Baseball            | 1,290                                   | 7,051           | 6,296                | 2,045                                   |
| Boys Basketball          |   | 18,539          | 12,820               | 5,719                                   |
| Boys Bowling             | 345                                     | 2,880           | 2,790                | 435                                     |
| Boys Football            | 3,623                                   | 8,703           | 7,393                | 4,933                                   |
| Boys Golf                | 300                                     | -               | -                    | 300                                     |
| Boys Soccer              | 148                                     | 250             | 250                  | 148                                     |
| Boys Track               | 1,284                                   | 1               | -                    | 1,285                                   |
| Debate Club              | 387                                     | 471             | -                    | 858                                     |
| Ecology Club             | -                                       | 102             |                      | 102                                     |
| Girls Basketball         | 166                                     | 2,390           | 2,049                | 507                                     |
| Girls Cheerleading       | 658                                     | 1               |                      | 659                                     |
| Girls Field Hockey       | 2,020                                   | 22,134          | 11,180               | 12,974                                  |
| Girls Lacrosse           | 2,002                                   | 11,436          | 5,388                | 8,050                                   |
| Girls Soccer             | 522                                     | 1               | -                    | 523                                     |
| Girls Softball           | 516                                     | 2,904           | 457                  | 2,963                                   |
| Girls Tennis             | 206                                     | -               | 160                  | 46                                      |
| Girls Track              | 2,583                                   | 8,107           | 7,643                | 3,047                                   |
| Girls Volleyball         | 164                                     | 8,277           | 4,657                | 3,784                                   |
| GSA                      | -                                       | 45              | -                    | 45                                      |
| Renaissance(DECA)        | 528                                     | -               | -                    | 528                                     |
| Drama                    | 2,214                                   | 1               | -                    | 2,215                                   |
| Interact                 | 1,113                                   | 191             | 383                  | 921                                     |
| Music                    | 9,135                                   | 14,045          | 13,283               | 9,897                                   |
| National Honor Society   | 1,981                                   | 1,662           | 265                  | 3,378                                   |
| Peers to Peers           | 337                                     | 360             | 437                  | 260                                     |
| PEP                      | 111                                     |                 | 83                   | 28                                      |
| Reform Club              | -                                       | 830             | 830                  | -                                       |
| SADD                     | 207                                     |                 | 207                  | -                                       |
| School Store             | 6,646                                   | 744             | 2,463                | 4,927                                   |
| Student Council          | 2,021                                   | 723             | 1,100                | 1,644                                   |
| Tri M                    | 1,419                                   | -               | 299                  | 1,120                                   |
| World Culture Club       | 492                                     | -               |                      | 492                                     |
| Yearbook                 | 14,043                                  | 3,176           | 8,112                | 9,107                                   |
| <b>Total High School</b> | <u>64,922</u>                           | <u>183,450</u>  | <u>144,983</u>       | <u>103,389</u>                          |



**BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (Continued)**  
**For the Year Ended June 30, 2022**

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|                      | Cash<br>Balance<br><u>June 30, 2021</u> | <u>Receipts</u>   | <u>Disbursements</u> | Cash<br>Balance<br><u>June 30, 2022</u> |
|----------------------|---|-------------------|----------------------|---|
| <b>CLUBS</b>         |   |                   |                      |   |
| <b>Middle School</b> |   |                   |                      |   |
| Class of 2024        | \$ -                                    |                   |                      | \$ -                                    |
| Class of 2025        | 2,387                                   | -                 | 2,387                | -                                       |
| Class of 2026        | 1,149                                   | 634               |                      | 1,783                                   |
| Class of 2027        | -                                       | 807               |                      | 807                                     |
| Class of 2028        | -                                       | 1,243             | 350                  | 893                                     |
| Ecology Club         | 739                                     | 881               | 1,052                | 568                                     |
| Jr. Honor Society    | 1,241                                   | 483               | 113                  | 1,611                                   |
| Science Olympiad     | 2,925                                   | 2                 |                      | 2,927                                   |
| Student Council      | 4,309                                   | 1,075             | 919                  | 4,465                                   |
| Yearbook Club        | 501                                     | 1                 | -                    | 502                                     |
|                      | <u>13,251</u>                           | <u>5,126</u>      | <u>4,821</u>         | <u>13,556</u>                           |
| Total Middle School  | <u>13,251</u>                           | <u>5,126</u>      | <u>4,821</u>         | <u>13,556</u>                           |
| Grand Total          | <u>\$ 78,173</u>                        | <u>\$ 188,576</u> | <u>\$ 149,804</u>    | <u>\$ 116,945</u>                       |

**BAYPORT - BLUE POINT UNION FREE SCHOOL DISTRICT**  
**EXTRACLASROOM ACTIVITY FUNDS**  
**NOTE TO FINANCIAL STATEMENT**  
June 30, 2022

---

**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.

