



CONNETQUOT  
CENTRAL SCHOOL DISTRICT

*Excellence in Education*

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS  
June 30, 2021

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Connetquot Central School District  
Bohemia, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Connetquot Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Summary of Opinions***

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Permanent Fund	Unmodified
Fiduciary Fund	Unmodified

### ***Basis for Qualified Opinion on the Extraclassroom Activities Fund***

The records of the extraclassroom activities fund of the Connetquot Central School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

### ***Qualified Opinion***

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

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Connetquot Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Changes in Accounting Principles***

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District’s proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District’s total OPEB liability and related ratios on pages 4 through 17 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Connetquot Central School District's basic financial statements. The other supplementary information on pages 62 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of the Connetquot Central 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 Connetquot Central 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 Connetquot Central School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

October 21, 2021

**CONNETQUOT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Connetquot Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

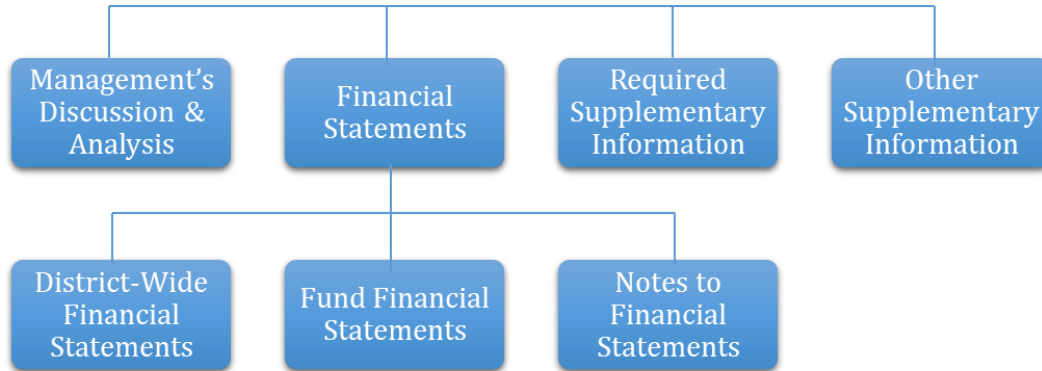
- The District's total net position was a deficit of \$149,071,479 in the district-wide financial statements at June 30, 2021, compared to a deficit of \$130,604,645 at June 30, 2020. The deficit increased \$18,466,834 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by \$251,149, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- On the district-wide financial statements, the District's expenses for the year totaled \$214,991,367. Of this amount \$7,041,503 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$189,483,030 amount to 96.42% of total revenues, and were not adequate enough to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$47,990,488 at June 30, 2021. This balance represents a \$3,440,794 increase (7.72%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. Nonspendable fund balance increased by \$133,756, which represents the change in the reserve for advance. Restricted fund balances increased \$1,664,922 due to funding of reserves and interest allocated to reserves, offset by the use of reserves. Assigned fund balance increased \$2,563,967 as the District increased the fund balance appropriated to fund the 2022 budget and included an assignment for encumbrances. Unassigned fund balance decreased \$921,851 to \$10,112,334.
- On May 21, 2019, the voters authorized district-wide capital improvement projects not to exceed \$45,758,075. The approved projects are to be funded through the issuance of bonds not to exceed \$36,067,162 and \$9,690,913 from capital reserve funds. No debt has been issued to date on this authorization. A total of \$13,609,600 has been expended as of June 30, 2021.
- On April 13, 2021, the Board authorized the District to enter into an energy performance contract for the purpose of making energy efficient improvements at District buildings and facilities not to exceed \$21,240,702. The debt has been fully issued at June 30, 2021 and work is expected to begin during the 2021-2022 fiscal year.
- The District's 2021 property tax levy of \$129,665,481 was a 3.10% increase over the 2020 tax levy. The District's property tax cap was 3.10%.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) Program and the Governor's Emergency Education Relief (GEER) Program in the amount of \$245,436. The District applied for additional funding in the amount of \$5,111,645 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act which were granted in September 2021.
- The budget for the 2021-2022 school year in the amount \$203,581,707 was approved by the voters on May 18, 2021.

**CONNETQUOT CENTRAL 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 supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements.



**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District’s property tax base and the condition of the District’s school buildings and other facilities.

The Statement of Activities

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**B. Fund Financial Statements**

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

Governmental Funds

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

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

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

The District maintains eight individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fund, scholarships fund and permanent fund. Each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

Certain balances at June 30, 2021 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which are required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities, scholarship funds, and permanent fund



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

as separate governmental funds. These changes resulted in an increase to total net position. The following is a summary of those changes:

	As Restated June 30, 2020	As Reported June 30, 2020	Increase (Decrease)
Current and Other Assets	\$ 70,474,019	\$ 69,786,983	\$ 687,036
Current and Other Liabilities	17,567,149	17,131,262	435,887
Restricted Net Position	34,096,821	33,988,215	108,606
Unrestricted Net Position (Deficit)	(265,850,267)	(265,992,810)	142,543
Total Net Position (Deficit)	(130,604,645)	(130,855,794)	251,149

The District's total net position (deficit) increased by \$18,466,834 between fiscal year 2020 and 2021. The deficit increase 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:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and Other Assets	\$ 83,034,646	\$ 70,474,019	\$ 12,560,627	17.82 %
Capital Assets, Net	140,903,317	133,448,452	7,454,865	5.59 %
Net Pension Asset - Proportionate Share		11,711,193	(11,711,193)	(100.00)%
Total Assets	223,937,963	215,633,664	8,304,299	3.85 %
<b>Deferred Outflows of Resources</b>	136,087,160	138,903,735	(2,816,575)	(2.03)%
<b>Liabilities</b>				
Current and Other Liabilities	15,638,016	17,567,149	(1,929,133)	(10.98)%
Long-Term Liabilities	67,732,330	55,743,344	11,988,986	21.51 %
Net Pension Liabilities - Proportionate Share	12,325,411	16,440,987	(4,115,576)	(25.03)%
Total OPEB Liability	339,911,892	328,377,634	11,534,258	3.51 %
Total Liabilities	435,607,649	418,129,114	17,478,535	4.18 %
<b>Deferred Inflows of Resources</b>	73,488,953	67,012,930	6,476,023	9.66 %
<b>Net Position (Deficit)</b>				
Net Invested in Capital Assets	116,734,548	101,148,801	15,585,747	15.41 %
Restricted	31,216,415	34,096,821	(2,880,406)	(8.45)%
Unrestricted (Deficit)	(297,022,442)	(265,850,267)	(31,172,175)	11.73 %
Total Net Position (Deficit)	\$ (149,071,479)	\$ (130,604,645)	\$ (18,466,834)	14.14 %

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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The increase in current and other assets is primarily due to an increase in the District's cash position as a result of current year operations.

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

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System net pension asset, at the measurement date of the respective year. In the current year the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "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, and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds.

The decrease in current and other liabilities is primarily due to decreases in accounts payable, accrued liabilities, and compensated absences, offset by an increase in the amount due to teachers' retirement system.

The increase in long-term liabilities is primarily due to the District committing to an energy performance contract, offset by scheduled bond and installment purchase indebtedness payments and a decrease in the workers' compensation liability.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits," provides additional information.

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

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

The restricted amount relates to the District's reserves. This number decreased from the prior year principally due to the use of reserves to fund the budget.

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.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**B. Changes in Net Position**

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

	As Restated June 30, 2020	As Reported June 30, 2020	Increase (Decrease)
Charges for Services	\$ 2,003,463	\$ 1,311,740	\$ 691,723
Operating Grants & Contributions	4,503,452	4,492,436	11,016
Instruction Expense	169,619,172	168,885,905	733,267

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, 2021 and 2020 is as follows:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 532,828	\$ 2,003,463	\$ (1,470,635)	(73.40)%
Operating Grants & Contributions	5,506,871	4,503,452	1,003,419	22.28 %
Capital Grants	1,001,804		1,001,804	100.00 %
General Revenues				
Property Taxes and STAR	129,668,867	125,777,104	3,891,763	3.09 %
State Sources	54,164,334	56,558,634	(2,394,300)	(4.23)%
Other	5,649,829	5,739,616	(89,787)	(1.56)%
Total Revenues	<u>196,524,533</u>	<u>194,582,269</u>	<u>1,942,264</u>	1.00 %
<b>Expenses</b>				
General Support	28,531,049	27,251,931	1,279,118	4.69 %
Instruction	169,777,101	169,619,172	157,929	0.09 %
Pupil Transportation	13,366,901	14,482,849	(1,115,948)	(7.71)%
Debt Service - Interest	1,394,405	1,542,762	(148,357)	(9.62)%
Food Service Program	1,921,911	2,214,105	(292,194)	(13.20)%
Total Expenses	<u>214,991,367</u>	<u>215,110,819</u>	<u>(119,452)</u>	(0.06)%
Decrease in Net Position	<u>\$ (18,466,834)</u>	<u>\$ (20,528,550)</u>	<u>\$ 2,061,716</u>	(10.04)%

The District's net position decreased by \$18,466,834 and \$20,528,550 for the years ended June 30, 2021 and 2020, respectively.

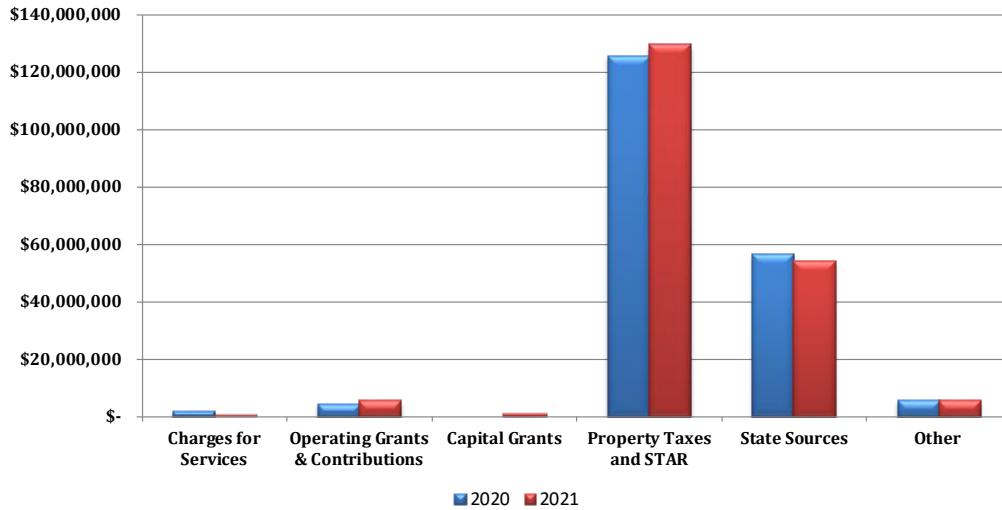
The District's revenues increased by \$1,942,264 or 1.00%. The major factors that contributed to the increase were increases to property taxes and STAR in accordance with the voter-approved budget, operating grants and contributions as a result of CARES Act funding for the food service program, and capital grants, as a result of capital improvements funded by the SMART Schools Bond Act, offset by a decrease in state sources due to reductions in the District's state aid.

The District's total expenses for the year decreased by \$119,452 or 0.06%.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

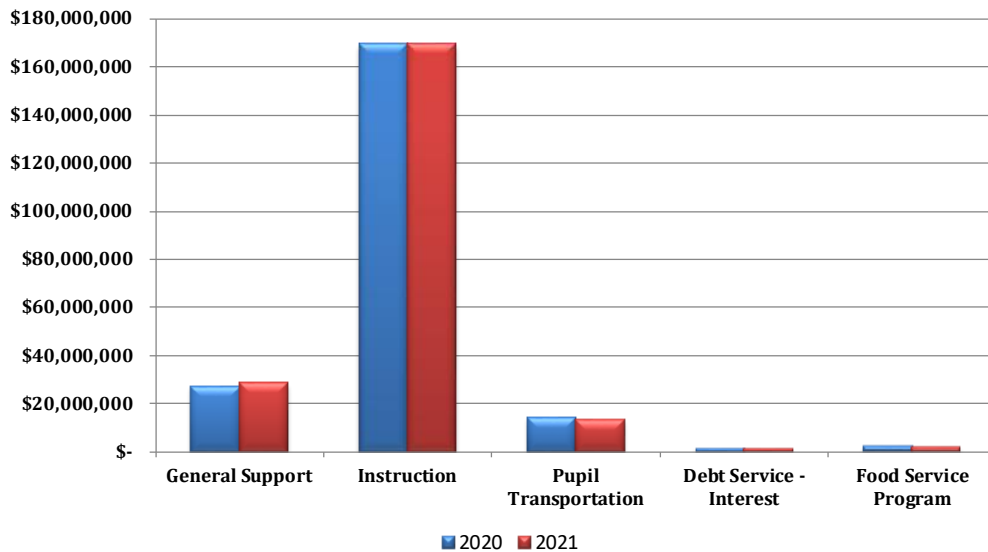
As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 66.0% and 64.6% of the total for the years 2021 and 2020, respectively). Instruction expense is the largest category of expenses incurred (i.e., 79.0% and 78.9% of the total for the years 2021 and 2020, respectively).

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2020</b>	1.0%	2.3%	0.0%	64.6%	29.1%	3.0%
<b>2021</b>	0.3%	2.8%	0.5%	66.0%	27.6%	2.8%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
<b>2020</b>	12.7%	78.9%	6.7%	0.7%	1.0%
<b>2021</b>	13.3%	79.0%	6.2%	0.6%	0.9%

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$66,856,500, which is an increase of \$15,353,924 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities, scholarships, and permanent funds as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable: Advance	\$ 537,964	\$ 404,208	\$ 133,756	33.09 %
Restricted:				
Workers' compensation	5,930,102	6,207,459	(277,357)	(4.47)%
Unemployment insurance	601,930	201,325	400,605	198.98 %
Retirement contribution				
Teachers' retirement system	3,002,527	2,884,300	118,227	4.10 %
Employees' retirement system	9,528,928	10,299,993	(771,065)	(7.49)%
Insurance	1,376,092	374,966	1,001,126	266.99 %
Employee benefit accrued liability	10,341,348	9,149,146	1,192,202	13.03 %
Capital	191,287	190,714	573	0.30 %
Repairs	204,009	203,398	611	0.30 %
Assigned:				
Appropriated fund balance	4,458,874	3,600,000	858,874	23.86 %
Unappropriated fund balance	1,705,093		1,705,093	100.00 %
Unassigned: Fund balance	10,112,334	11,034,185	(921,851)	(8.35)%
	<u>47,990,488</u>	<u>44,549,694</u>	<u>3,440,794</u>	7.72 %
<b>Special Aid Fund</b>				
Unassigned: Fund balance (deficit)	<u>(22,502)</u>	<u>-</u>	<u>(22,502)</u>	100.00 %
<b>School Food Service Fund</b>				
Nonspendable: Inventory	10,246	13,192	(2,946)	(22.33)%
Unassigned: Fund balance (deficit)	<u>(537,964)</u>	<u>(404,208)</u>	<u>(133,756)</u>	33.09 %
	<u>(527,718)</u>	<u>(391,016)</u>	<u>(136,702)</u>	34.96 %
<b>Debt Service Fund</b>				
Restricted: Debt	<u>14,249</u>	<u>12,304</u>	<u>1,945</u>	15.81 %
<b>Capital Projects Fund</b>				
Restricted:				
Capital reserve		4,464,610	(4,464,610)	(100.00)%
Unspent bond proceeds	21,240,702		21,240,702	100.00 %
Assigned: Unappropriated fund balance		2,615,835	(2,615,835)	(100.00)%
Unassigned: Fund balance (deficit)	<u>(2,093,708)</u>		<u>(2,093,708)</u>	100.00 %
	<u>19,146,994</u>	<u>7,080,445</u>	<u>12,066,549</u>	170.42 %

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
<b>Extraclassroom Activities Fund</b>				
Assigned: Unappropriated fund balance	\$ 136,658	\$ 142,543	\$ (5,885)	(4.13)%
<b>Scholarships Fund</b>				
Restricted: Scholarships	25,943	16,218	9,725	59.96 %
<b>Permanent Fund</b>				
Nonspendable: Scholarships	92,388	92,388	-	0.00 %
Total Fund Balance	<u>\$ 66,856,500</u>	<u>\$ 51,502,576</u>	<u>\$ 15,353,924</u>	29.81 %

**A. General Fund**

The net change in the general fund – fund balance is an increase of \$3,440,794 compared to a decrease of \$3,438,948 in 2020. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

The District’s revenues increased by \$1,197,465 or 0.63%, as compared to the prior year. This increase is primarily attributable to increases in property taxes, offset by decreases in state sources and operating transfers in. The increase in property taxes is due to an increase in the tax levy in accordance with the 2020-2021 budget. The decrease in state sources is due to reductions in the District’s allocation of state aid and the decrease in operating transfers in is the result of a one- time transfer from the debt service fund in the prior year.

Expenditures and other financing uses decreased by \$5,682,277 or 2.95% from the prior year. The decrease was primarily due to a decrease in operating transfers out as the District transferred capital reserve funds to the capital projects fund in the prior year of \$9,690,913, offset by increases in general support primarily because additional staff and supplies were required to meet the needs of COVID-19 requirements, instructional costs as additional staff were hired to meet the needs of COVID-19 and remote learning requirements, and employee benefits.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	\$ 6,207,459	\$ (1,400,000)	\$ 18,643	\$ 1,104,000	\$ 5,930,102	\$ 1,600,000
Unemployment insurance	201,325	(90,000)	605	490,000	601,930	400,000
Retirement contribution						
TRS	2,884,300	(1,435,131)	8,663	1,544,695	3,002,527	1,492,984
ERS	10,299,993	(2,915,000)	30,935	2,113,000	9,528,928	3,415,000
Insurance	374,966		1,126	1,000,000	1,376,092	
EBALR	9,149,146	(435,276)	27,478	1,600,000	10,341,348	1,100,000
Capital	190,714		573		191,287	
Repairs	203,398		611		204,009	
	<u>\$ 29,511,301</u>	<u>\$ (6,275,407)</u>	<u>\$ 88,634</u>	<u>\$ 7,851,695</u>	<u>\$ 31,176,223</u>	<u>\$ 8,007,984</u>

Additional detail regarding the capital reserve can be found in Note 20 “Restricted for Capital Reserve.”

**CONNETQUOT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

**B. Special Aid Fund**

The net change in the special aid fund - fund balance was a decrease of \$22,502, which was the result of expenditures related to relief programs under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, for which funding was not approved by June 30, 2021.

**C. School Food Service Fund**

The net change in the school food service fund – fund balance was a decrease of \$136,702, which was the current year operating loss, offset by a general fund budget transfer of \$430,000.

**D. Debt Service Fund**

The net change in the debt service fund – fund balance was an increase of \$1,945, the result of current year interest earnings.

**E. Capital Projects Fund**

The net change in the capital projects fund – fund balance is an increase of \$12,066,549. The increase is the result of the proceeds of an energy performance contract for energy efficient capital improvements of \$21,240,702 and state sources for grant revenues of \$1,206,531 under the SMART Schools Bond Act in excess of expenditures for capital improvements of \$10,380,684.

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
May 2016	\$ 4,464,610	\$ (4,464,610)	\$	\$

**F. Extraclassroom Activities Fund**

The net change in the extraclassroom activities fund – fund balance is a decrease of \$5,885, as a result of expenditures of \$271,006 in excess of revenues of \$265,121.

**G. Scholarships Fund**

The net change in the scholarships fund – fund balance is an increase of \$9,725, as a result of donations of \$30,309 and interest income of \$56 in excess of scholarships awarded of \$20,640.

**H. Permanent Fund**

The permanent fund – fund balance consists of nonspendable scholarship funds.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's general fund adopted budget for the year ended June 30, 2021 was \$199,437,938. This amount was increased by budget revisions in the amount of \$3,056,843 for a total final budget of \$202,494,781.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$129,665,481 in estimated property taxes and STAR.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances, and amounts classified as nonspendable. 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	\$ 11,034,185
Fund Balance Appropriated for Budget Revision	(3,056,674)
Revenues Over Budget	934,822
Expenditures and Encumbrances Under Budget	13,797,684
Change in Nonspendable Fund Balance	(133,756)
Unused Appropriated Reserves	(64,724)
Allocation to Reserves	(7,940,329)
Appropriated to Fund the 2022 Budget	<u>(4,458,874)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 10,112,334</u></u>

Opening, Unassigned Fund Balance

The \$11,034,185 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The District increased appropriations, of which \$3,056,674 were funded by unassigned fund balance. The increase was needed to fund COVID-19 related expenditures. This decreased the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$189,497,976. Actual revenues recognized for the year of \$190,432,798 exceeded estimates by \$934,822. This variance contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$202,494,781. Actual expenditures and other financing uses as of June 30, 2021 were \$186,992,004 and outstanding encumbrances were \$1,705,093. Combined the expenditures plus encumbrances for 2020-2021 were \$188,697,097. The final budget variance was \$13,797,684, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Nonspendable Fund Balance

The District's general fund assets include a long-term receivable from the school food service fund that cannot currently be spent as a result of the operating deficits incurred by the fund and the fund's inability to repay the loan in a current period. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance decreases unassigned fund balance.

Unused Appropriated Reserves

In the 2020-2021 budget, \$6,340,131 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated reserve expenditures, \$64,724 of this funding from the employee benefit accrued liability reserve was not needed and, therefore, it was required to be returned to the reserve and is available for future use.

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 \$4,458,874 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2021 was \$10,112,334. This amount is 4.97% of the 2021-2022 budget and is in excess of the statutory limit.

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

**A. Capital Assets**

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital asset additions of \$11,451,583 in excess of depreciation expense of \$3,996,718 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Land	\$ 2,440,000	\$ 2,440,000	\$ -
Construction in progress	24,103,961	14,756,018	9,347,943
Buildings and improvements	109,851,513	111,797,627	(1,946,114)
Site improvements	298,136	379,169	(81,033)
Furniture and equipment	<u>4,209,707</u>	<u>4,075,638</u>	<u>134,069</u>
Capital assets, net	<u>\$ 140,903,317</u>	<u>\$ 133,448,452</u>	<u>\$ 7,454,865</u>

**B. Debt Administration**

At June 30, 2021, the District had total bonds payable of \$20,900,000 . The bonds were issued for district-wide and library improvements or the refunding of bonds originally issued for improvements. The decrease in outstanding debt represents principal payments. The District also had total installment purchase debt payable of \$24,509,471. The increase in outstanding installment purchase debt is the result of a new energy performance contract entered into in excess of principal payments. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
<b>Bonds Payable</b>					
	2009	2.5 - 5.0%	\$	\$ 1,850,000	\$ (1,850,000)
	2011	2.0 - 5.0%	4,320,000	6,360,000	(2,040,000)
	2013	2.0 - 5.0%	6,825,000	8,880,000	(2,055,000)
	2018	5.00%	2,505,000	3,255,000	(750,000)
	2018	2.25 - 3.0%	<u>7,250,000</u>	<u>7,800,000</u>	<u>(550,000)</u>
			<u>\$ 20,900,000</u>	<u>\$ 28,145,000</u>	<u>\$ (7,245,000)</u>
<b>Installment Purchase Debt Payable</b>					
	2013	2.35%	\$ 3,268,769	\$ 4,154,651	\$ (885,882)
	2021	1.73%	<u>21,240,702</u>	<u>21,240,702</u>	<u>21,240,702</u>
			<u>\$ 24,509,471</u>	<u>\$ 4,154,651</u>	<u>\$ 20,354,820</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2021 are approximately 2.94% of the District's debt limit.

**C. Other Long-Term Liabilities**

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	June 30, 2021	June 30, 2020	Increase (Decrease)
Compensated absences	\$ 12,977,591	\$ 12,964,141	\$ 13,450
Workers' compensation	5,930,584	6,622,493	(691,909)
Retirement incentive liability	2,517,507	2,489,792	27,715
Net pension liability - proportionate share	12,325,411	16,440,987	(4,115,576)
Total OPEB liability	339,911,892	328,377,634	11,534,258
	\$ 373,662,985	\$ 366,895,047	\$ 6,767,938

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$203,581,707. This is an increase of \$4,143,769 or 2.08% over the previous year's budget. The increase is principally due to increases in instruction (\$2,721,471), and employee benefits (\$1,739,373) areas of the budget.

The District budgeted revenues other than property taxes and STAR at a \$963,301 decrease from the prior year's estimate, which is principally due to a decrease in operating transfers in of \$1,228,179. The appropriated fund balance of \$4,458,874 applied to the June 30, 2022 budget was an \$858,874 increase over the prior year. The District appropriated \$8,007,984 from various reserves to fund the budget, which is a \$1,667,853 increase over the prior year. A property tax increase of \$2,580,343 (1.99%) levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

The property tax cap, and uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will greatly 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 2.0% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2021-2022 property tax increase of 1.99% was less than the tax cap of 2.90% and did not require an override vote.

**8. CONTACTING THE DISTRICT**

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

Lynda G. Adams, Ed. D. - Superintendent  
Connetquot Central School District  
780 Ocean Avenue  
Bohemia, New York 11716

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2021

**ASSETS**

Cash	
Unrestricted	\$ 19,506,909
Restricted	52,549,505
Receivables	
Accounts receivable	22,599
Due from state and federal	4,327,571
Due from other governments	6,617,816
Inventory	10,246
Capital assets not being depreciated	26,543,961
Capital assets being depreciated, net of accumulated depreciation	<u>114,359,356</u>
 Total Assets	 <u>223,937,963</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges from advance refunding	301,639
Pensions	56,678,932
Other postemployment benefits	<u>79,106,589</u>
 Total Deferred Outflows of Resources	 <u>136,087,160</u>

**LIABILITIES**

Payables	
Accounts payable	4,306,456
Accrued liabilities	1,243,200
Due to fiduciary fund	94,044
Due to other governments	21,281
Due to teachers' retirement system	7,819,545
Due to employees' retirement system	883,899
Compensated absences payable	257,747
Other liabilities	798,435
Unearned credits	
Collections in advance	213,409
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	6,048,088
Installment purchase debt payable	2,163,308
Compensated absences payable	850,000
Due and payable after one year	
Bonds payable, net	15,749,089
Installment purchase debt payable	22,346,163
Compensated absences payable	12,127,591
Workers' compensation liabilities	5,930,584
Retirement incentive liability	2,517,507
Net pension liabilities - proportionate share	12,325,411
Total other postemployment benefits liability	<u>339,911,892</u>
 Total Liabilities	 <u>435,607,649</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	25,081,667
Other postemployment benefits	<u>48,407,286</u>
 Total Deferred Inflows of Resources	 <u>73,488,953</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>116,734,548</u>
Restricted	
Workers' compensation	5,930,102
Unemployment insurance	601,930
Retirement contribution	
Teachers' retirement system	3,002,527
Employees' retirement system	9,528,928
Insurance	1,376,092
Employee benefit accrued liability	10,341,348
Capital	191,287
Repairs	204,009
Debt	14,249
Scholarships	25,943
	<u>31,216,415</u>
 Unrestricted (Deficit)	 <u>(297,022,442)</u>
 Total Net Position (Deficit)	 <u>\$ (149,071,479)</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants		
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 28,531,049	\$	\$	\$	\$ (28,531,049)
Instruction	169,777,101	507,225	4,218,126	1,001,804	(164,049,946)
Pupil transportation	13,366,901				(13,366,901)
Debt service - interest	1,394,405				(1,394,405)
Food service program	1,921,911	25,603	1,288,745		(607,563)
	<u>\$ 214,991,367</u>	<u>\$ 532,828</u>	<u>\$ 5,506,871</u>	<u>\$ 1,001,804</u>	<u>(207,949,864)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					119,450,982
Other tax items					13,596,691
Use of money and property					649,878
Sale of property and compensation for loss					334,423
Miscellaneous					1,239,957
State sources					54,164,334
Medicaid reimbursement					46,765
					<u>189,483,030</u>
Total General Revenues					<u>189,483,030</u>
Change in Net Position					(18,466,834)
Total Net Position (Deficit) - Beginning of Year, as Restated					<u>(130,604,645)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (149,071,479)</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
<b>ASSETS</b>									
Cash									
Unrestricted	\$ 17,994,304	\$ 200,382	\$ 10,030	\$	\$ 1,165,535	\$ 136,658	\$	\$	\$ 19,506,909
Restricted	31,190,472				21,240,702		25,943	92,388	52,549,505
Receivables									
Accounts receivable	22,599								22,599
Due from other funds	5,730,465			2,401,145	1,986,630				10,118,240
Due from state and federal	1,465,818	1,509,823	350,126		1,001,804				4,327,571
Due from other governments	5,505,342	1,112,474							6,617,816
Inventory			10,246						10,246
Total Assets	<u>\$ 61,909,000</u>	<u>\$ 2,822,679</u>	<u>\$ 370,402</u>	<u>\$ 2,401,145</u>	<u>\$ 25,394,671</u>	<u>\$ 136,658</u>	<u>\$ 25,943</u>	<u>\$ 92,388</u>	<u>\$ 93,152,886</u>
<b>LIABILITIES</b>									
Payables									
Accounts payable	\$ 1,309,325	\$ 37,245	\$ 58,420	\$	\$ 2,901,466	\$	\$	\$	\$ 4,306,456
Accrued liabilities	731,663	36,064	13,799						781,526
Due to other funds	1,989,470	2,749,140	750,889	2,386,896	2,335,889				10,212,284
Due to other governments	10,631		2,132		8,518				21,281
Due to teachers' retirement system	7,819,545								7,819,545
Due to employees' retirement system	883,899								883,899
Compensated absences payable	257,747								257,747
Other liabilities	798,435								798,435
Unearned credits									
Collections in advance	117,797	22,732	72,880						213,409
Total Liabilities	<u>13,918,512</u>	<u>2,845,181</u>	<u>898,120</u>	<u>2,386,896</u>	<u>5,245,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,294,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenues					1,001,804				1,001,804
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable:									
Advance	537,964								537,964
Inventory			10,246						10,246
Scholarships							92,388		92,388
Restricted:									
Workers' compensation	5,930,102								5,930,102
Unemployment insurance	601,930								601,930
Retirement contribution									
Teachers' retirement system	3,002,527								3,002,527
Employees' retirement system	9,528,928								9,528,928
Insurance	1,376,092								1,376,092
Employee benefit accrued liability	10,341,348								10,341,348
Capital	191,287								191,287
Repairs	204,009								204,009
Debt				14,249					14,249
Unspent debt proceeds					21,240,702				21,240,702
Scholarships							25,943		25,943
Assigned:									
Appropriated fund balance	4,458,874								4,458,874
Unappropriated fund balance	1,705,093					136,658			1,841,751
Unassigned: Fund balance (Deficit)	<u>10,112,334</u>	<u>(22,502)</u>	<u>(537,964)</u>		<u>(2,093,708)</u>				<u>7,458,160</u>
Total Fund Balances (Deficit)	<u>47,990,488</u>	<u>(22,502)</u>	<u>(527,718)</u>	<u>14,249</u>	<u>19,146,994</u>	<u>136,658</u>	<u>25,943</u>	<u>92,388</u>	<u>66,856,500</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 61,909,000</u>	<u>\$ 2,822,679</u>	<u>\$ 370,402</u>	<u>\$ 2,401,145</u>	<u>\$ 25,394,671</u>	<u>\$ 136,658</u>	<u>\$ 25,943</u>	<u>\$ 92,388</u>	<u>\$ 93,152,886</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2021

Total Governmental Fund Balances \$ 66,856,500

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

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

Original cost of capital assets	\$ 227,352,021	
Less: Accumulated depreciation	<u>(86,448,704)</u>	140,903,317

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

Deferred outflows of resources	56,678,932	
Net pension liability - teachers' retirement system	(12,262,814)	
Net pension liability - employees' retirement system	(62,597)	
Deferred inflows of resources	<u>(25,081,667)</u>	19,271,854

Deferred charges from 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 advanced refunding	1,635,354	
Less: accumulated amortization	<u>(1,333,715)</u>	301,639

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

Deferred outflows of resources	79,106,589	
Total other postemployment benefits liability	(339,911,892)	
Deferred inflows of resources	<u>(48,407,286)</u>	(309,212,589)

Long-term receivables are not available to pay current period expenditures and, therefore, the revenue is deferred on the governmental fund statements.

1,001,804

Long-term liabilities, including bonds payable, 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	(461,674)	
Bonds payable, net	(21,797,177)	
Installment purchase debt payable	(24,509,471)	
Compensated absences payable	(12,977,591)	
Workers' compensation liabilities	(5,930,584)	
Retirement incentive liability	<u>(2,517,507)</u>	(68,194,004)

Total Net Position (Deficit)		<u>\$ (149,071,479)</u>
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**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
<b>REVENUES</b>									
Real property taxes	\$ 119,450,982	\$	\$	\$	\$	\$	\$	\$	\$ 119,450,982
Other tax items	13,596,691								13,596,691
Charges for services	242,104								242,104
Use of money and property	647,899		34	1,945			56		649,934
Sale of property and compensation for loss	334,423								334,423
Miscellaneous	1,239,957	1,031,058				265,121	30,309		2,566,445
Interfund revenues	45,479								45,479
State sources	54,828,498	1,364,496	27,263		1,206,531				57,426,788
Medicaid reimbursement	46,765								46,765
Federal sources		1,792,207	1,261,482						3,053,689
Sales			25,603						25,603
<b>Total Revenues</b>	<b>190,432,798</b>	<b>4,187,761</b>	<b>1,314,382</b>	<b>1,945</b>	<b>1,206,531</b>	<b>265,121</b>	<b>30,365</b>	<b>-</b>	<b>197,438,903</b>
<b>EXPENDITURES</b>									
General support	20,144,854	45,479							20,190,333
Instruction	101,608,019	4,251,825				271,006	20,640		106,151,490
Pupil transportation	9,109,948	312,959							9,422,907
Employee benefits	45,452,624								45,452,624
Debt service									
Principal	8,130,882								8,130,882
Interest	1,715,677								1,715,677
Food service program			1,881,084						1,881,084
Capital outlay					10,380,684				10,380,684
<b>Total Expenditures</b>	<b>186,162,004</b>	<b>4,610,263</b>	<b>1,881,084</b>	<b>-</b>	<b>10,380,684</b>	<b>271,006</b>	<b>20,640</b>	<b>-</b>	<b>203,325,681</b>
Excess/(Deficiency) of Revenues Over Expenditures	4,270,794	(422,502)	(566,702)	1,945	(9,174,153)	(5,885)	9,725	-	(5,886,778)
<b>OTHER FINANCING SOURCES AND (USES)</b>									
Proceeds of debt					21,240,702				21,240,702
Operating transfers in		400,000	430,000						830,000
Operating transfers (out)	(830,000)								(830,000)
<b>Total Other Sources (Uses)</b>	<b>(830,000)</b>	<b>400,000</b>	<b>430,000</b>	<b>-</b>	<b>21,240,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,240,702</b>
<b>Net Change in Fund Balance</b>	<b>3,440,794</b>	<b>(22,502)</b>	<b>(136,702)</b>	<b>1,945</b>	<b>12,066,549</b>	<b>(5,885)</b>	<b>9,725</b>	<b>-</b>	<b>15,353,924</b>
<b>Fund Balance (Deficit) -</b>									
Beginning of Year, as Restated	44,549,694		(391,016)	12,304	7,080,445	142,543	16,218	92,388	51,502,576
End of Year	\$ 47,990,488	\$ (22,502)	\$ (527,718)	\$ 14,249	\$ 19,146,994	\$ 136,658	\$ 25,943	\$ 92,388	\$ 66,856,500



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended June 30, 2021

Net Change in Fund Balance \$ 15,353,924

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. \$ (868,891)

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 workers' compensation liability 691,909

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

Increase in compensated absences payable (13,450)  
Increase in retirement incentive liability (27,715)  
(218,147)

Capital Related Differences

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

Capital outlays and other additions 11,451,583  
Depreciation expense (3,996,718)  
7,454,865

Long-Term Debt Transaction Differences

Proceeds from the issuance of bonds are other funding sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (21,240,702)

The amortization of deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities. 316,545

Repayments of long-term debt are expenditures in governmental funds, but they reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

Repayment of bond principal 7,245,000  
Repayment of installment purchase debt principal 885,882

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 decreased from June 30, 2020 to June 30, 2021. 4,727  
(12,788,548)

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 (9,159,985)  
Employees' retirement system 1,292,527  
Other postemployment benefits (20,401,470)  
(28,268,928)

Change in Net Position of Governmental Activities \$ (18,466,834)

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2021

	Custodial
<b>ASSETS</b>	
Due from governmental funds	\$ 94,044
	94,044
<b>LIABILITIES</b>	
Due to other governments	94,044
	-
<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 collections for the Library:	\$ 6,334,916
Total Additions	6,334,916
<b>DEDUCTIONS</b>	
Real property taxes payments to the Library:	6,334,916
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

The 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.

**CONNETQUOT CENTRAL 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 include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

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

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

**Debt Service Fund** - accounts for the accumulation of resources for, and 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.

**CONNETQUOT CENTRAL 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.

**Permanent Fund** – used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District’s programs, i.e., for the benefit of the District

**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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, retirement incentives,

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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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.

**E. Real Property Taxes**

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 Town of Islip and remitted to the District from December to June.

Enforcement

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

**F. Payments in Lieu of Taxes (PILOT)**

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

**G. 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.

**H. Interfund Transactions**

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

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

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

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**I. 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 revenue availability, compensated absences, retirement incentives, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

**J. 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.

**K. Receivables**

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

**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 acquisition value at the date of donation.

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 50,000	50 years
Site improvements	25,000	20 years
Furniture and equipment	5,000	5-20 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 several years' refunding of bonds. The amount for two bond issues is being amortized as a component of interest expense on a straight-line basis and the amounts for the other bond issue is being amortized as a component of interest on a weighted average basis. 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.

**O. 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. 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.

**P. Short-Term Debt**

The District may issue 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 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.



**CONNETQUOT CENTRAL 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 termination 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. Employee Benefits – Retirement Incentive**

Retirement incentive consists of first year eligible retirement incentive payments as specified in collective bargaining agreements or individual employment contracts. Upon retirement, employees may receive a lump sum payment based on years of service and meeting the eligibility requirements in accordance with GASB Statement No. 47.

In the fund financial statements, only the amount of matured liabilities is accrued within the general fund.

**S. 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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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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.

**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 a receivable of state aid for a capital improvement grant. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents changes in the total other postemployment benefits liability not included in OPEB expense.

**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) reduced by outstanding balances of related debt obligations from the acquisitions, construction, and improvements of those assets.

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

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

Fund Statements

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

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of the long-term portion of loans receivable related to the school food service fund balance deficit which is recorded in the general fund, inventory which is recorded in the school food service fund, and nonexpendable scholarship funds which are recorded in the permanent 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:

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*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 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.

*Insurance Reserve*

Insurance Reserve (GML §6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

**CONNETQUOT CENTRAL 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.

*Capital Reserve*

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

*Repairs Reserve*

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

*Restricted for Debt*

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest 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 Debt Proceeds*

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

*Restricted for Scholarships*

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*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 and encumbrances not classified as restricted at the end of the fiscal year.

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

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by 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, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

**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 standards 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.

**Effective for the Year Ending**  
June 30, 2022

**Effective for the Year Ending**  
GASB No. 87 - *Leases*

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

**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 long-term assets and liabilities.

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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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.

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 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 related to COVID-19 funded by unassigned fund balance	\$ 3,056,674
Instruction expenditures funded by donations	<u>169</u>
	<u>\$ 3,056,843</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.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**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.

**C. Unassigned Fund Balance**

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

**D. Special Aid Fund Deficit**

The special aid fund has an unassigned fund balance deficit of \$22,502, arising from expenditures incurred. The deficit will be eliminated with the recognition of revenue from the funding awarded by New York State under the American Rescue Plan (ARP).

**E. School Food Service Fund Deficit**

The school food service fund has an unassigned fund balance deficit of \$537,964. This is expected to be funded by a budgeted or Board authorized subsequent year transfer from the general fund.

**F. Capital Projects Fund Deficit**

The capital projects fund has an unassigned fund balance deficit of \$2,093,708. This will be funded when the District obtains permanent financing for its current construction project.

**6. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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.



**CONNETQUOT CENTRAL 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, 2021, the District was billed \$15,540,115 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,982,280. 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, 2021 consisted of:

General Fund	
New York State - excess cost aid	\$ 1,465,818
Special Aid Fund	
Federal and State grants	1,509,823
School Food Service Fund	
Federal and State program reimbursements	350,126
Capital Projects Fund	
SMART Schools Bond Act grant	<u>1,001,804</u>
	<u>\$ 4,327,571</u>

District management expects these amounts to be fully collectible.

**9. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2021 consisted of:

General Fund	
BOCES aid	\$ 3,651,877
Payments in lieu of taxes	1,585,740
Program revenue due from other districts	<u>267,725</u>
	5,505,342
Special Aid Fund	
County of Suffolk	<u>1,112,474</u>
	<u>\$ 6,617,816</u>

District management expects these amounts to be fully collectible.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,440,000	\$	\$	\$ 2,440,000
Construction in progress	14,756,018	9,347,943		24,103,961
Total capital assets not being depreciated	<u>17,196,018</u>	<u>9,347,943</u>	<u>-</u>	<u>26,543,961</u>
Capital assets being depreciated:				
Buildings and improvements	181,355,998	1,017,019		182,373,017
Site improvements	2,485,644			2,485,644
Furniture and equipment	15,903,040	1,086,621	(1,040,262)	15,949,399
Total capital assets being depreciated	<u>199,744,682</u>	<u>2,103,640</u>	<u>(1,040,262)</u>	<u>200,808,060</u>
Less accumulated depreciation for:				
Buildings and improvements	69,558,371	2,963,133		72,521,504
Site improvements	2,106,475	81,033		2,187,508
Furniture and equipment	11,827,402	952,552	(1,040,262)	11,739,692
Total accumulated depreciation	<u>83,492,248</u>	<u>3,996,718</u>	<u>(1,040,262)</u>	<u>86,448,704</u>
Total capital assets being depreciated, net	<u>116,252,434</u>	<u>(1,893,078)</u>	<u>-</u>	<u>114,359,356</u>
Capital assets, net	<u>\$ 133,448,452</u>	<u>\$ 7,454,865</u>	<u>\$ -</u>	<u>\$ 140,903,317</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 327,730
Instruction	3,178,795
Pupil transportation	449,366
Food service program	40,827
Total depreciation expense	<u>\$ 3,996,718</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**11. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2021 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 5,730,465	\$ 1,989,470	\$	\$ 830,000
Special Aid Fund		2,749,140	400,000	
School Food Service Fund		750,889	430,000	
Debt Service Fund	2,401,145	2,386,896		
Capital Projects Fund	1,986,630	2,335,889		
Total Governmental Funds	10,118,240	10,212,284	<u>\$ 830,000</u>	<u>\$ 830,000</u>
Custodial Fund	94,044			
Total	<u>\$ 10,212,284</u>	<u>\$ 10,212,284</u>		

The District typically transfers from the general fund to the special aid fund and school food service fund in accordance with the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities. The transfer to the school food service fund was a budgeted transfer of \$430,000 to provide support for the operating loss for the program.

**12. SHORT-TERM DEBT**

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

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	1.25-1.75%	\$ -	\$ 40,000,000	\$ (40,000,000)	\$ -

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was \$449,167, net of a premium of \$346,770, to yield an effective interest rate of 0.3291%.

**13. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
<b>Long-term debt:</b>					
Bonds payable	\$ 28,145,000	\$	\$ (7,245,000)	\$ 20,900,000	\$ 5,620,000
Add: Premiums on refunding	1,367,267		(470,090)	897,177	428,088
	<u>29,512,267</u>		<u>(7,715,090)</u>	<u>21,797,177</u>	<u>6,048,088</u>
Installment purchase debt	4,154,651	21,240,702	(885,882)	24,509,471	2,163,308
	<u>33,666,918</u>	<u>21,240,702</u>	<u>(8,600,972)</u>	<u>46,306,648</u>	<u>8,211,396</u>
<b>Other long-term liabilities:</b>					
Compensated absences	12,964,141	13,450		12,977,591	850,000
Workers' compensation	6,622,493	1,205,847	(1,897,756)	5,930,584	
Retirement incentive	2,489,792	27,715		2,517,507	
	<u>22,076,426</u>	<u>15,373,012</u>	<u>(1,897,756)</u>	<u>46,306,648</u>	
	<u>\$ 55,743,344</u>	<u>\$ 22,487,714</u>	<u>\$ (10,498,728)</u>	<u>\$ 67,732,330</u>	<u>\$ 9,061,396</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Refunding Debt	12/29/2011	1/15/2023	2.0 - 5.0%	\$ 4,320,000
Refunding Debt	10/1/2013	1/15/2024	2.0 - 5.0%	6,825,000
Refunding Debt	6/21/2018	7/15/2023	5.00%	2,505,000
District improvement	8/29/2018	8/15/2033	2.25 - 3.0%	7,250,000
				<u>\$ 20,900,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 5,620,000	\$ 438,631	\$ 6,058,631
2023	5,860,000	313,625	6,173,625
2024	3,820,000	174,000	3,994,000
2025	550,000	84,000	634,000
2026	550,000	75,750	625,750
2027 - 2031	2,750,000	255,000	3,005,000
2032 - 2034	1,750,000	52,875	1,802,875
Total	<u>\$ 20,900,000</u>	<u>\$ 1,393,881</u>	<u>\$ 22,293,881</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Advance Refunding**

In the district-wide statements, the District is amortizing deferred charges and refunding bond premiums as a component of interest expense for the December 2011 and June 2018 advanced bond refunding's on a straight-line basis and for the October 2013 advanced bond refunding on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2022	\$ 146,315	\$ (428,088)	\$ (281,773)
2023	138,716	(383,944)	(245,228)
2024	16,608	(85,145)	(68,537)
	<u>\$ 301,639</u>	<u>\$ (897,177)</u>	<u>\$ (595,538)</u>

**D. Installment Purchase Debt Payable**

Installment purchase debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Installment purchase debt payable	7/15/2013	7/15/2024	2.35%	\$ 3,268,769
Installment purchase debt payable	4/21/2021	4/16/2036	1.73%	<u>21,240,702</u>
				<u>\$ 24,509,471</u>

The following is a summary of maturing debt service requirements for installment purchase debt payable:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,163,308	\$ 428,447	\$ 2,591,755
2023	2,201,427	390,328	2,591,755
2024	2,245,490	346,265	2,591,755
2025	1,801,286	301,299	2,102,585
2026	1,340,692	272,721	1,613,413
2027 - 2031	7,061,077	1,005,991	8,067,068
2032 - 2036	7,696,191	370,877	8,067,068
	<u>\$ 24,509,471</u>	<u>\$ 3,115,928</u>	<u>\$ 27,625,399</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**E. Interest Expense**

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

Interest paid	\$ 1,266,510
Less interest accrued in the prior year	(466,401)
Plus interest accrued in the current year	461,674
Less amortization of advance refunding deferred items	<u>(316,545)</u>
Total interest expense on long-term debt	<u>\$ 945,238</u>

**14. PENSION PLANS – NEW YORK STATE**

**A. General Information**

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

**B. Provisions and Administration**

Teachers' Retirement System

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

Employees' Retirement System

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**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 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 14.39% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$7,360,257 for TRS at the contribution rate of 9.53% and \$3,303,039 for ERS at an average contribution rate of 14.55%.

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

At June 30, 2021, 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, 2020 for TRS and March 31, 2021 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.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset / (liability)	\$ (12,262,814)	\$ (62,597)
District's portion of the Plan's total net pension asset / (liability)	0.443779%	0.0628652%
Change in proportion since the prior measurement date	(0.006997)	0.0007782

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$16,520,242 for TRS and \$2,010,512 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 10,744,679	\$ 764,484	\$ 628,446	\$
Changes of assumptions	15,509,605	11,509,639	5,528,364	217,075
Net difference between projected and actual earnings on pension plan investments	8,008,692			17,981,654
Changes in proportion and differences between the District's contributions and proportionate share of contributions	682,569	1,215,108	676,079	50,049
District contributions subsequent to the measurement date	7,360,257	883,899		
Total	\$ 42,305,802	\$ 14,373,130	\$ 6,832,889	\$ 18,248,778

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2022	\$ 4,790,938	\$ (645,691)
2023	9,657,126	(42,806)
2024	7,968,247	(740,879)
2025	4,905,749	(3,330,171)
2026	170,099	
Thereafter	620,497	
	\$ 28,112,656	\$ (4,759,547)

**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:



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	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-2019, 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.

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternatives investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). 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 7.10% 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 (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

TRIS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset/(liability)	<u>\$ (77,459,969)</u>	<u>\$ (12,262,814)</u>	<u>\$ 42,454,122</u>
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	<u>\$ (17,374,612)</u>	<u>\$ (62,597)</u>	<u>\$ 15,903,131</u>

**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:

	TRIS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2020	March 31, 2021
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	97.76%	99.95%

**Payables to the Pension Plan**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, 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, 2021 amounted to \$7,360,257 of employer contributions and \$459,288 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$883,899 of employer contributions. Employee contributions are remitted monthly.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. 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, 2021 and 2020, totaled \$1,232,553 and \$5,127,553, 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, 2021 totaled \$391,577.

**16. 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	805
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	997
	1,802

**B. Total OPEB Liability**

The District's total OPEB liability of \$339,911,892 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019. 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:

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Inflation	2.50%	
Salary increases	2.9% - 10%	Vary based on NYS TRS and ERS assumptions
Discount rate	2.16%	
Healthcare cost trend rates	5.40%	for 2019, decreasing to an ultimate rate of 4.04% by 2075
Retirees' share of benefit-related costs	8-15%	Teachers
	3-10%	Operations and maintenance and clerical
	10-15%	Principals and supervisors
	10.00%	Transportation

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

Mortality rates were based on Pub-2010 Headcount-Weighted Table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using Society of Actuaries' Scale MP-2020.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$ 328,377,634</u>
Changes for the year	
Service cost	13,965,757
Interest	7,490,339
Changes of benefit terms	-
Differences between expected and actual experience	(8,132,327)
Changes in assumptions or other inputs	5,076,098
Benefit payments	<u>(6,865,609)</u>
	<u>11,534,258</u>
Balance at June 30, 2021	<u><u>\$ 339,911,892</u></u>

Changes of assumptions and other inputs is based on several factors including a change in the discount rate from 2.21% in 2020 to 2.16% in 2021, change in the health care trend rate, change in mortality rate, and updated termination and retirement rates as per the actuarial valuation report.

*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 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u>\$ (410,934,811)</u>	<u>\$ (339,911,892)</u>	<u>\$ (284,555,583)</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

	1% Decrease 4.40%	Healthcare Cost Trend Rates 5.40%	1% Increase 6.40%
OPEB	decreasing to 3.04%	decreasing to 4.04%	decreasing to 5.04%
Total OPEB liability	<u>\$ (274,470,887)</u>	<u>\$ (339,911,892)</u>	<u>\$ (427,968,370)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$27,267,079. At June 30, 2021, the District reported deferred outflows of and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$ 42,405,957
Changes of assumptions or other inputs	<u>79,106,589</u>	<u>6,001,329</u>
Total	<u>\$ 79,106,589</u>	<u>\$ 48,407,286</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
2022	\$ 5,810,983
2023	5,810,983
2024	5,810,983
2025	6,275,510
2026	7,427,449
Thereafter	<u>(436,605)</u>
	<u>\$ 30,699,303</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**17. 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.

**A. 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 do not include an amount for reported and unreported claims which were incurred on or before year-end but not reported (IBNR). Claims activity is summarized below:

	June 30, 2020	June 30, 2021
Unpaid claims at beginning of year	\$ 6,524,883	\$ 6,622,493
Incurred claims and claim adjustment expenses	1,552,469	1,205,847
Claim payments	(1,454,859)	(1,897,756)
Unpaid claims at year end	\$ 6,622,493	\$ 5,930,584

At June 30, 2021, the District had \$5,930,102 of funds in the workers' compensation reserve.

**B. Public Entity Risk Pool**

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget for the year ending June 30, 2022:

Workers' compensation	\$ 1,600,000
Unemployment insurance	400,000
Retirement contribution -	
Teachers' retirement system	1,492,984
Employees' retirement system	3,415,000
Employee benefit accrued liability	<u>1,100,000</u>
	<u><u>\$ 8,007,984</u></u>

**19. ASSIGNED APPROPRIATED FUND BALANCE**

The amount of \$4,458,874 has been appropriated to reduce taxes for the year ending June 30, 2022.

**20. RESTRICTED FOR CAPITAL RESERVE**

The following is a summary of the District's restricted capital reserve activity since inception:

Date Created	May 2016
Number of Years to Fund	10
Maximum Funding	<u>\$ 9,500,000</u>

**General Fund**

Funding Provided Since Inception	\$ 9,500,000
Interest Earnings Since Inception	382,200
Use of Reserve Since Inception	<u>(9,690,913)</u>

Total General Fund	<u>191,287</u>
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**Capital Projects Fund**

Funding Provided Since Inception	9,690,913
Use of Reserve Since Inception	<u>(9,690,913)</u>

Total Capital Projects Fund	<u>-</u>
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Balance as of June 30, 2020	<u><u>\$ 191,287</u></u>
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**21. RESTATEMENT OF FUND BALANCE AND NET POSITION**

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84. The implementation of Statement No. 84 resulted in the reporting of changes in cash and current liabilities. The District's net fund balance and net position have been restated as follows:



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	General Fund	Extraclassroom Activity Fund	Scholarship Fund	Permanent Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Reported	\$ 44,549,694	\$	\$	\$	\$ (130,855,794)
<i>Assets</i>					
Cash	435,887	142,543	16,218	92,388	687,036
Accounts receivable					-
Due from fiduciary fund					-
	<u>435,887</u>	<u>142,543</u>	<u>16,218</u>	<u>92,388</u>	<u>687,036</u>
<i>Liabilities</i>					
Due to fiduciary fund	(284,564)				(284,564)
Other liabilities	720,451				720,451
	<u>435,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,887</u>
<i>Fund Balance/Net Position</i>					
Restricted			16,218	92,388	108,606
Assigned, unappropriated		142,543			
Unrestricted					142,543
	<u>-</u>	<u>142,543</u>	<u>16,218</u>	<u>92,388</u>	<u>251,149</u>
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Restated	<u>\$ 44,549,694</u>	<u>\$ 142,543</u>	<u>\$ 16,218</u>	<u>\$ 92,388</u>	<u>\$ (130,604,645)</u>

**22. TAX ABATEMENTS**

The Suffolk County Industrial Development Agency and the Town of Islip Industrial Development Agency enter into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$5,006,981. The District received payment in lieu of tax (PILOT) payments totaling \$3,235,733.

**23. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund	
General support	\$ 1,677,031
Instruction	28,062
	<u>1,705,093</u>

Capital Projects Fund	
Capital projects	<u>10,705,149</u>

**CONNETQUOT CENTRAL 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. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

**D. Operating Leases**

The District leases various equipment under non-cancelable operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2021, were approximately \$230,274. The minimum future operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 266,826
2023	202,497
2024	93,843
2025	<u>5,560</u>
	<u><u>\$ 568,726</u></u>

**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, except for the following:

**A. Issuance of TANs**

On September 1, 2021, the District issued tax anticipation notes in the amount of \$47,500,000, which are due June 24, 2022 and bear interest at a stated rate of 1.50%. The District received premiums of \$537,748 with the borrowing to yield an effective interest rate of 0.1090%.

**B. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act**

In September 2021, The District was awarded CRRSA funding of \$4,431,085 through the Elementary and Secondary School Emergency Relief (ESSER) Program and \$680,560 through the Governor's Emergency Education Relief (GEER) Program. Additionally, the District received an allocation of American Rescue Plan (ARP) Act of \$2,802,607 under the ESSER program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended and the fund balance deficit at June 30, 2021 will be eliminated.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 118,794,382	\$ 119,447,596	\$ 119,450,982	\$ 3,386
Other tax items	13,071,099	12,417,885	13,596,691	1,178,806
Charges for services	275,000	275,000	242,104	(32,896)
Use of money and property	718,000	718,000	647,899	(70,101)
Sale of property and compensation for loss	174,500	174,500	334,423	159,923
Miscellaneous	699,000	699,169	1,239,957	540,788
Interfund revenues	20,000	20,000	45,479	25,479
<b>Total Local Sources</b>	<b>133,751,981</b>	<b>133,752,150</b>	<b>135,557,535</b>	<b>1,805,385</b>
State Sources	54,433,187	54,433,187	54,828,498	395,311
Medicaid Reimbursement	72,156	72,156	46,765	(25,391)
<b>Total Revenues</b>	<b>188,257,324</b>	<b>188,257,493</b>	<b>190,432,798</b>	<b>2,175,305</b>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	1,240,483	1,240,483	-	(1,240,483)
<b>Total Revenues and Other Sources</b>	<b>189,497,807</b>	<b>189,497,976</b>	<b>190,432,798</b>	<b>\$ 934,822</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	3,600,000	6,656,674		
Appropriated Reserves	6,340,131	6,340,131		
<b>Total Appropriated Fund Balance</b>	<b>9,940,131</b>	<b>12,996,805</b>		
<b>Total Revenues, Other Sources and Appropriated Fund Balance</b>	<b>\$ 199,437,938</b>	<b>\$ 202,494,781</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.

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 195,940	\$ 195,940	\$ 124,313	\$ -	\$ 71,627
Central administration	351,452	362,263	355,065		7,198
Finance	1,551,452	1,645,152	1,586,246		58,906
Staff	1,606,987	1,631,232	1,377,917		253,315
Central services	16,244,043	18,314,470	15,010,104	1,677,031	1,627,335
Special items	1,697,750	1,701,403	1,691,209		10,194
Total General Support	<u>21,647,624</u>	<u>23,850,460</u>	<u>20,144,854</u>	<u>1,677,031</u>	<u>2,028,575</u>
Instruction					
Administration & improvement	6,728,082	7,276,544	7,061,472	458	214,614
Teaching - regular school	55,625,063	56,517,266	54,599,066	13,607	1,904,593
Programs for students with disabilities	26,503,795	26,480,886	23,983,580		2,497,306
Occupational education	1,989,301	1,989,301	1,976,322		12,979
Teaching - special schools	429,150	429,150	205,442		223,708
Instructional media	3,776,747	4,499,653	4,246,568		253,085
Pupil services	10,243,518	10,833,395	9,535,569	13,997	1,283,829
Total Instruction	<u>105,295,656</u>	<u>108,026,195</u>	<u>101,608,019</u>	<u>28,062</u>	<u>6,390,114</u>
Pupil Transportation	<u>10,519,712</u>	<u>10,355,310</u>	<u>9,109,948</u>		<u>1,245,362</u>
Employee Benefits	<u>50,947,553</u>	<u>49,235,423</u>	<u>45,452,624</u>		<u>3,782,799</u>
Debt Service					
Principal	8,130,882	8,130,882	8,130,882		-
Interest	2,066,511	2,066,511	1,715,677		350,834
Total Debt Service	<u>10,197,393</u>	<u>10,197,393</u>	<u>9,846,559</u>		<u>350,834</u>
Total Expenditures	198,607,938	201,664,781	186,162,004	1,705,093	13,797,684
<b>OTHER USES</b>					
Operating Transfers Out	<u>830,000</u>	<u>830,000</u>	<u>830,000</u>		<u>-</u>
Total Expenditures and Other Uses	<u>\$ 199,437,938</u>	<u>\$ 202,494,781</u>	<u>186,992,004</u>	<u>1,705,093</u>	<u>\$ 13,797,684</u>
Net Change in Fund Balance			3,440,794		
Fund Balance - Beginning of Year			<u>44,549,694</u>		
Fund Balance - End of Year			<u>\$ 47,990,488</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
 Last Seven Fiscal Years

***Teachers' Retirement System***

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.443779%	0.450776%	0.440525%	0.443230%	0.446379%	0.439474%	0.447848%
District's proportionate share of the net pension asset/(liability)	\$ (12,262,814)	\$ 11,711,193	\$ 7,965,850	\$ 3,377,295	\$ (4,780,901)	\$ 45,647,333	\$ 49,887,448
District's covered payroll	\$ 75,324,695	\$ 76,080,733	\$ 72,561,489	\$ 71,123,057	\$ 70,355,597	\$ 68,292,766	\$ 68,581,292
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(16.28)%	15.39 %	10.98 %	4.75 %	(6.80)%	66.84 %	72.74 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rates	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0628652%	0.0620870%	0.0624122%	0.0631567%	0.0651297%	0.0617504%	0.0630717%
District's proportionate share of the net pension liability	\$ (62,597)	\$ (16,440,987)	\$ (4,422,095)	\$ (2,038,347)	\$ (6,119,730)	\$ (9,911,117)	\$ (2,130,716)
District's covered payroll	\$ 21,998,040	\$ 20,759,927	\$ 20,774,169	\$ 20,252,221	\$ 19,892,648	\$ 20,697,096	\$ 20,281,498
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.28 %	79.20 %	21.29 %	10.06 %	30.76 %	47.89 %	10.51 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rates	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.*

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
 Last Ten Fiscal Years

*Teachers' Retirement System*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 7,360,257	\$ 6,673,768	\$ 7,031,728	\$ 7,031,728	\$ 8,263,907	\$ 9,137,708	\$ 11,567,602	\$ 10,754,571	\$ 7,869,583	\$ 7,405,655
Contributions in relation to the contractually required contribution	<u>7,360,257</u>	<u>6,673,768</u>	<u>7,031,728</u>	<u>7,031,728</u>	<u>8,263,907</u>	<u>9,137,708</u>	<u>11,567,602</u>	<u>10,754,571</u>	<u>7,869,583</u>	<u>7,405,655</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	\$ 77,232,497	\$ 75,324,695	\$ 76,080,733	\$ 72,561,489	\$ 71,123,057	\$ 70,355,597	\$ 68,292,766	\$ 68,581,292	\$ 68,513,422	\$ 68,703,390
Contributions as a percentage of covered payroll	10%	9%	9%	10%	12%	13%	17%	16%	11%	11%

*Employees' Retirement System*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,303,039	\$ 2,997,006	\$ 2,971,910	\$ 2,979,242	\$ 3,124,406	\$ 3,039,136	\$ 3,623,145	\$ 3,852,022	\$ 3,405,631	\$ 2,823,839
Contributions in relation to the contractually required contribution	<u>3,303,039</u>	<u>2,997,006</u>	<u>2,971,910</u>	<u>2,979,242</u>	<u>3,124,406</u>	<u>3,039,136</u>	<u>3,623,145</u>	<u>3,852,022</u>	<u>3,405,631</u>	<u>2,823,839</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	\$ 22,695,284	\$ 21,837,890	\$ 20,961,723	\$ 20,385,639	\$ 20,083,341	\$ 21,499,992	\$ 20,342,455	\$ 20,432,191	\$ 20,159,117	\$ 19,884,733
Contributions as a percentage of covered payroll	15%	14%	14%	15%	16%	14%	18%	19%	17%	14%

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 13,965,757	\$ 10,534,595	\$ 5,777,286	\$ 6,028,771
Interest	7,490,339	10,454,711	9,597,730	8,819,172
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(8,132,327)	(43,508,614)	(6,972,495)	-
Changes of assumptions or other inputs	5,076,098	66,723,205	43,353,944	(12,467,185)
Benefit payments	(6,865,609)	(6,239,535)	(7,071,410)	(5,996,248)
Net change in total OPEB liability	11,534,258	37,964,362	44,685,055	(3,615,490)
Total OPEB liability, beginning	328,377,634	290,413,272	245,728,217	249,343,707
Total OPEB liability, ending	<u>\$ 339,911,892</u>	<u>\$ 328,377,634</u>	<u>\$ 290,413,272</u>	<u>\$ 245,728,217</u>
Covered employee payroll	\$ 88,875,045	\$ 87,919,040	\$ 92,894,022	\$ 82,517,340
Total OPEB liability as a percentage of covered employee payroll	382.46%	373.50%	312.63%	297.79%
Discount rates	2.16%	2.21%	3.51%	3.87%
Healthcare trend rates	5.40% to 4.04% by 2075	5.40% to 3.84% by 2075	5.50% to 3.84% by 2075	5.50% to 3.84% by 2078

*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.*

**Notes 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.

**CONNETQUOT CENTRAL 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, 2021

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 199,437,938
Additions:		
Prior year's encumbrances		-
Original Budget		199,437,938
Budget Revision		3,056,843
Final Budget		\$ 202,494,781

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021-2022 voter-approved expenditure budget		\$ 203,581,707
Maximum allowed (4% of 2021-2022 budget)		\$ 8,143,268
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 6,163,967	
Unassigned fund balance	10,112,334	
		\$ 16,276,301
Less:		
Appropriated fund balance	4,458,874	
Encumbrances	1,705,093	
Total adjustments		6,163,967
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 10,112,334
Actual Percentage		4.97%

\*The District adopted a resolution on October 13, 2020 to appropriate \$3,056,674 of unassigned fund balance for unanticipated ordinary contingent expenditures to preserve and protect the health and safety of students and staff as a result of the COVID-19 outbreak.



**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2021

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
	June 30, 2020	June 30, 2021	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
2013-14 Capital Projects	\$ 445,035	\$ 445,035			\$ -	\$ 445,035		\$ 445,035	\$ 445,035	\$ 445,035	
2017-18 Capital Projects	2,500,000	2,500,000	1,442,738	1,365	1,444,103	1,055,897		2,500,000	2,500,000	1,055,897	
2018-19 Capital Projects	4,999,000	4,999,000	3,201,916	990,742	4,192,658	806,342		4,999,000	4,999,000	806,342	
2015 Bond / GF Project											
Sycamore Improvements	1,188,436	1,166,862	1,166,862		1,166,862	-	537,671	629,191	1,166,862	-	
Sycamore Security Vestibule	25,482	25,248	25,248		25,248	-	11,633	13,615	25,248	-	
John Pearl Improvements	951,576	933,997	933,997		933,997	-	430,371	503,626	933,997	-	
John Pearl Security Vestibule	50,523	51,016	51,016		51,016	-	23,507	27,509	51,016	-	
Slocum Improvements	998,009	973,777	973,777		973,777	-	448,701	525,076	973,777	-	
Slocum Security Vestibule	35,445	34,720	34,720		34,720	-	15,998	18,722	34,720	-	
Duffield Improvements	973,878	956,950	956,950		956,950	-	440,948	516,002	956,950	-	
Duffield Security Vestibule	19,072	18,892	18,892		18,892	-	8,705	10,187	18,892	-	
Premm. Improvements	95,477	74,785	74,785		74,785	-	34,460	40,325	74,785	-	
High School Improvements	4,142,068	4,077,081	4,077,081		4,077,081	-	1,878,655	2,198,426	4,077,081	-	
High School Security Vestibule	1,091,064	1,056,489	1,053,013	3,476	1,056,489	-	486,814	569,675	1,056,489	-	
Idle Hour Improvements	1,781,617	1,752,707	1,752,707		1,752,707	-	807,620	945,087	1,752,707	-	
Idle Hour Security Vestibule	23,912	23,846	23,846		23,846	-	10,988	12,858	23,846	-	
OBMS Improvements	1,738,429	1,712,506	1,712,506		1,712,506	-	789,096	923,410	1,712,506	-	
OBMS Security Vestibule	32,773	33,048	33,048		33,048	-	15,228	17,820	33,048	-	
OBMS HVAC	756,699	720,752	720,752		720,752	-	332,112	388,640	720,752	-	
Ronkonkoma MS Improvements	1,473,455	1,451,621	1,451,621		1,451,621	-	668,884	782,737	1,451,621	-	
Ronkonkoma MS Security Vestibule	21,311	21,013	21,013		21,013	-	9,682	11,331	21,013	-	
Cherokee Improvements	1,600,866	1,574,362	1,574,362		1,574,362	-	725,441	848,921	1,574,362	-	
Cherokee Security Vestibule	25,867	25,725	25,725		25,725	-	11,854	13,871	25,725	-	
Bosti Improvements	1,403,425	1,361,269	1,361,269		1,361,269	-	627,252	734,017	1,361,269	-	
Bosti Security Vestibule	33,874	33,943	33,943		33,943	-	15,640	18,303	33,943	-	
Bus Purchases	1,799,882	1,799,882	1,799,882		1,799,882	-	829,357	970,525	1,799,882	-	
Unallocated	136,860	519,509				519,509	239,383	280,126	519,509	519,509	
	<u>20,400,000</u>	<u>20,400,000</u>	<u>19,877,015</u>	<u>3,476</u>	<u>19,880,491</u>	<u>519,509</u>	<u>9,400,000</u>	<u>-</u>	<u>11,000,000</u>	<u>20,400,000</u>	<u>519,509</u>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)**  
For the Year Ended June 30, 2021

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
	June 30, 2020	June 30, 2021	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<b>2019 Bond Projects</b>											
Sycamore 2019 Bond	\$ 69,677	\$ 52,917	\$ 30,827	\$ (30,579)	\$ 248	\$ 52,669	\$ 41,710		\$ 11,207	\$ 52,917	\$ 52,669
Sycamore 2019 Bond Phase 1	302,935	314,701	281,217	33,484	314,701	-	248,052		66,649	314,701	-
Sycamore 2019 Bond Phase 2	462,443	3,192,321	137,480	792,047	929,527	2,262,794	2,516,232		676,089	3,192,321	2,262,794
Sycamore 2019 Bond Phase 3	50,000	50,000	4,958	22,571	27,529	-	39,412		10,588	50,000	22,471
John Pearl 2019 Bond	23,660	16,795	15,620	(15,620)	-	16,795	13,238		3,557	16,795	16,795
John Pearl 2019 Bond Phase 1	72,247	59,096	22,046	37,050	59,096	-	46,580		12,516	59,096	-
John Pearl 2019 Bond Phase 2	391,249	366,582	366,696	(16,667)	350,029	16,553	288,945		77,637	366,582	16,553
Slocuum 2019 Bond	27,763	17,233	21,013	(21,013)	-	17,233	13,583		3,650	17,233	17,233
Slocuum 2019 Bond Phase 1	222,821	229,901	193,388	36,513	229,901	-	181,212		48,689	229,901	-
Slocuum 2019 Bond Phase 2	660,800	667,828	184,114	372,166	556,280	111,548	526,392		141,436	667,828	111,548
Slocuum 2019 Bond Phase 3	43,500	873,516	4,318	93,088	97,406	776,110	688,517		184,999	873,516	776,110
Duffield 2019 Bond	30,590	21,380	22,520	(22,520)	-	21,380	16,852		4,528	21,380	21,380
Duffield 2019 Bond Phase 1	202,194	211,240	173,590	37,650	211,240	-	166,502		44,738	211,240	-
Duffield 2019 Bond Phase 2	512,686	522,686	305,809	11,032	316,841	205,845	411,989		110,697	522,686	205,845
Duffield 2019 Bond Phase 3		5,070			1,320	3,750	3,996		1,074	5,070	3,750
Premm 2019 Bond	5,000	5,000		1,320		5,000	3,941		1,059	5,000	5,000
Premm 2019 Bond Phase 2	268,394	268,394	264,375		264,375	4,019	211,552		56,842	268,394	4,019
High School 2019 Bond	99,462	98,675	79,185		79,185	19,490	77,777		20,898	98,675	19,490
High School 2019 Bond Phase 1	1,220,472	1,198,443	1,149,690	48,753	1,198,443	-	944,629		253,814	1,198,443	-
High School 2019 Bond Phase 2	1,920,421	2,003,412	365,298	1,436,750	1,802,048	201,364	1,579,118		424,294	2,003,412	201,364
High School 2019 Bond Phase 3	312,000	312,000	31,193	140,853	172,046	139,954	245,923		66,077	312,000	139,954
High School 2019 Bond Phase 3A		3,270		3,270		-	2,577		693	3,270	-
Idle Hour 2019 Bond	21,625	14,740	13,605	(13,605)	-	14,740	11,618		3,122	14,740	14,740
Idle Hour 2019 Bond Phase 1	233,128	231,239	194,835	36,404	231,239	-	182,266		48,973	231,239	-
Idle Hour 2019 Bond Phase 2	599,858	596,120	277,009	274,520	551,529	44,591	469,871		126,249	596,120	44,591
Idle Hour 2019 Bond Phase 3	33,700	755,770	3,368	43,651	47,019	708,751	595,709		160,061	755,770	708,751
OBMS 2019 Bond	39,153	39,277	21,113		21,113	18,164	30,958		8,319	39,277	18,164
OBMS 2019 Bond Phase 2	128,625	3,076,716	70,876	1,519,415	1,590,291	1,486,425	2,425,111		651,605	3,076,716	1,486,425
OBMS 2019 Bond Phase 3	49,640	226,732	4,514	97,146	101,660	125,072	178,713		48,019	226,732	125,072
Ronkonkoma MS 2019 Bond	34,720	34,844	17,310		17,310	17,534	27,465		7,379	34,844	17,534
Ronkonkoma MS 2019 Bond Phase 2	208,170	2,525,983	70,876	1,398,720	1,469,596	1,056,387	1,991,016		534,967	2,525,983	1,056,387
Ronkonkoma MS 2019 Bond Phase 3	107,500	284,592	10,720	120,016	130,736	153,856	224,319		60,273	284,592	153,856
Cherokee 2019 Bond	34,650	24,515	25,295	(25,295)	-	24,515	19,323		5,192	24,515	24,515
Cherokee 2019 Bond Phase 1	256,064	260,458	228,505	31,953	260,458	-	205,297		55,161	260,458	-
Cherokee 2019 Bond Phase 2A	276,653	286,652	42,586	173,329	215,915	70,737	225,944		60,708	286,652	70,737
Cherokee 2019 Bond Phase 2B	692,818	692,818	44,491	609,182	653,673	39,145	546,089		146,729	692,818	39,145
Cherokee 2019 Bond Phase 3	47,000	906,167	4,662	75,090	79,752	826,415	714,254		191,913	906,167	826,415
Bosti 2019 Bond	35,123	25,767	24,986	(24,447)	539	25,228	20,310		5,457	25,767	25,228
Bosti 2019 Bond Phase 1	88,736	91,652	56,524	35,128	91,652	-	72,241		19,411	91,652	-
Bosti 2019 Bond Phase 2	895,114	895,028	381,295	402,337	783,632	111,396	705,473		189,555	895,028	111,396
Bosti 2019 Bond Phase 3	67,000	1,160,215	6,676	61,868	68,544	1,091,671	914,498		245,717	1,160,215	1,091,671
Administration Building Phase 2	602,725	602,725	19,793	567,283	587,076	15,649	475,076		127,649	602,725	15,649
Administration Building	8,207	8,207	1,955		1,955	6,252	6,469		1,738	8,207	6,252
Transportation 2019 Bond	5,000	5,000			5,000	5,000	3,941		1,059	5,000	5,000
Field House 2019 Bond Phase 2	18,750	20,086	10,312	2,799	13,111	6,975	15,832		4,254	20,086	6,975
Sand / Salt Shed 2019 Bond Phase 2	21,031	24,012	17,856	9,106	26,962	(2,950)	18,927		5,085	24,012	(2,950)
Press Box 2019 Bond Phase 2	7,850	415,656	4,316	21,961	26,277	389,379	327,626		88,030	415,656	389,379
Maintenance 2019 Bond Phase 2	28,075	34,147	19,487	6,589	26,076	8,071	26,915		7,232	34,147	8,071
Unallocated 2019 Bond	34,318,846	22,028,497				22,028,497	17,363,172		4,665,325	22,028,497	22,028,497
	45,758,075	45,758,075	5,226,302	8,383,298	13,609,600	32,148,475	36,067,162		9,690,913	45,758,075	32,148,475
Smart Schools Bond Improvements	1,213,236	1,213,236	1,206,531		1,206,531	6,705		1,213,236		1,213,236	6,705
Smart Schools Bond Improvements		1,475,500		1,001,803	1,001,803	473,697		1,475,500		1,475,500	473,697
Energy Performance Contract		21,240,702				21,240,702	21,240,702			21,240,702	21,240,702
<b>Totals</b>	<b>\$ 75,315,346</b>	<b>\$ 98,031,548</b>	<b>\$ 30,954,502</b>	<b>\$ 10,380,684</b>	<b>\$ 41,335,186</b>	<b>\$ 56,696,362</b>	<b>\$ 66,707,864</b>	<b>\$ 2,688,736</b>	<b>\$ 28,634,948</b>	<b>\$ 98,031,548</b>	<b>56,696,362</b>
											Unissued debt (36,067,162)
											Smart Schools Bond Act revenue not yet recognized (1,482,206)
											<b>Fund Balance \$ 19,146,994</b>

**CONNETQUOT CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2021

Capital assets, net	<u>\$ 140,903,317</u>
Deduct:	
Short-term portion of bonds payable	(5,620,000)
Long-term portion of bonds payable	(15,280,000)
Short-term portion of installment purchase debt	(2,163,308)
Long-term portion of installment purchase debt	(22,346,163)
Less: Unspent debt proceeds	<u>21,240,702</u>
	<u>(24,168,769)</u>
Net investment in capital assets	<u>\$ 116,734,548</u>



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**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  
Connetquot Central School District  
Bohemia, 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 Connetquot Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2021. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Connetquot Central 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 Connetquot Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Connetquot Central School District's internal control.

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Connetquot Central School District in a separate letter dated October 21, 2021.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

October 21, 2021

