

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Central Islip Union Free School District

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 Central Islip Union Free School District (the "District"), as of and for the fiscal 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended 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 the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 62 through 66, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 20, 2021

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Central Islip Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's 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 deficit, as reflected in the District-Wide Financial Statements, increased by \$37,045,999 to a net deficit of \$326,374,272 based on the accrual basis of accounting.
- The District's combined governmental funds reported a total fund balance of \$39,128,557, which is an increase of \$8,453,876 from the prior year based on the modified accrual basis of accounting.
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position and fund balance in the amount of \$267,650.
- On October 8, 2020 the District's voters approved \$4,250,000 in capital improvements to the District facilities. The projects were to be financed using \$840,204 from the capital reserve fund and with the issuance of \$3,411,872 in long term debt. The District's voters also approved \$8,655,952 in energy conservation improvements to District facilities, which will be financed through an energy performance contract.
- During the year, the District recognized \$1,778,041 in federal grant revenue in relation to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These funds were recorded in operating grants and contributions in the Statement of Activities on the District-Wide Financial Statements.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

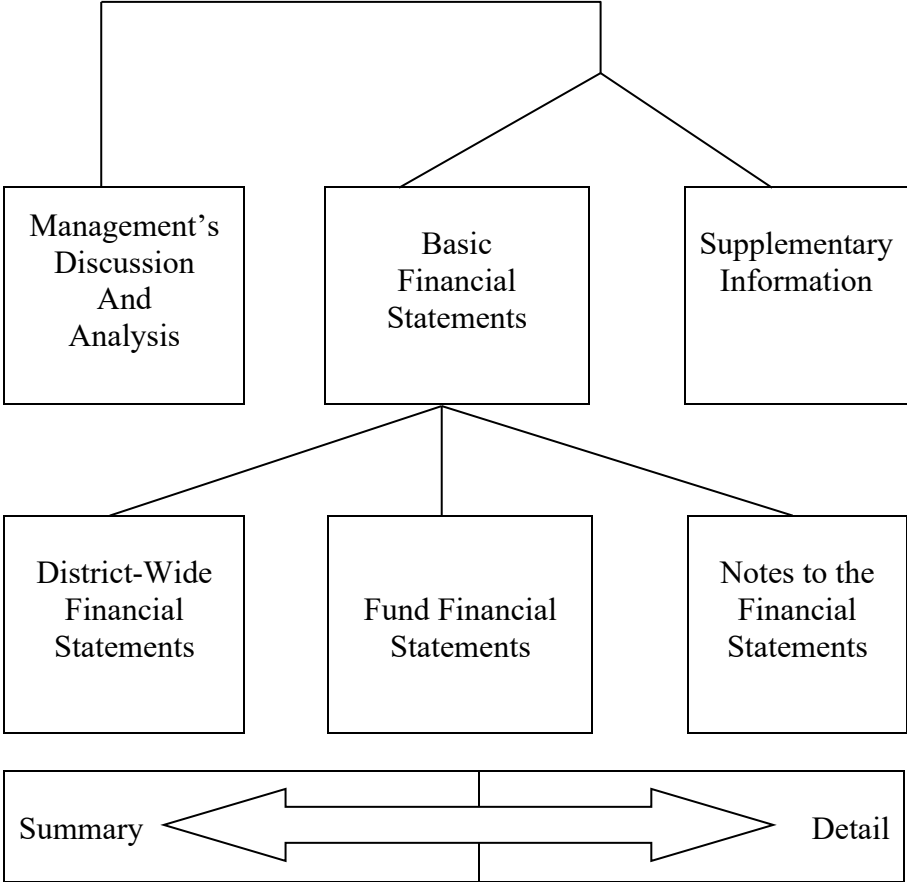
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

Organization of the District’s Annual Financial Report



The table below summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; these funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

Governmental funds:

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Government Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Fiduciary fund:

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. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

Current assets and other assets, current liabilities, and restricted net position, unrestricted net position, and total net position for 2020 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 20 for further information. In addition, deferred inflows of resources and long-term liabilities have been reclassified. See Note 12 to the financial statements for further information.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current assets and other assets	\$ 66,650,544	\$ 67,170,118	\$ (519,574)
Current liabilities	34,734,163	35,521,387	(787,224)
Net Position			
Restricted	13,037,074	12,875,318	161,756
Unrestricted (Deficit)	(352,533,476)	(352,639,370)	105,894
Total Net Position (Deficit)	(289,328,273)	(289,595,923)	267,650

The District's total net deficit increased by \$37,045,999 in the fiscal year ended June 30, 2021, as detailed below.

Condensed Statement of Net Position - Governmental Activities

	2021	As Restated 2020	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 76,755,463	\$ 66,650,544	\$ 10,104,919	15.16%
Capital assets, net	89,801,087	91,320,368	(1,519,281)	(1.66)%
Net pension asset-proportionate share	-	13,249,143	(13,249,143)	(100.00)%
Total assets	166,556,550	171,220,055	(4,663,505)	(2.72)%
Deferred outflows of resources	218,657,940	178,894,252	39,763,688	22.23%
Total assets and deferred outflows of resources	385,214,490	350,114,307	35,100,183	10.03%
Current liabilities	36,040,327	34,734,163	1,306,164	3.76%
Long-term liabilities	613,534,457	559,761,101	53,773,356	9.61%
Total liabilities	649,574,784	594,495,264	55,079,520	9.26%
Deferred inflows of resources	62,013,978	44,947,316	17,066,662	37.97%
Total liabilities and deferred inflows of resources	711,588,762	639,442,580	72,146,182	11.28%
Net position				
Net investment in capital assets	55,426,363	50,168,129	5,258,234	10.48%
Restricted	29,425,734	13,037,074	16,388,660	125.71%
Unrestricted (deficit)	(411,226,369)	(352,533,476)	(58,692,893)	(16.65)%
Total net position (deficit)	\$ (326,374,272)	\$ (289,328,273)	\$ (37,045,999)	(12.80)%

Current assets and other assets increased by \$10,104,919 primarily due to increases in cash, due from other governments, and accounts receivable, partially offset by a decrease in state and federal aid receivable. Capital assets (net of depreciation) decreased by \$1,519,281. This was attributable to current year depreciation exceeding current year construction in progress and additions.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District's net pension asset for the teachers' retirement system decreased by \$13,249,143 as a result of the actuarial valuation provided by the State. The District reported a net pension liability – proportionate share for the teachers' retirement system of \$13,691,293 at June 30, 2021, as a result of the actuarial valuation provided by the state.

The change in deferred outflows of resources represents amortization of the pension and other post-employment benefits obligation related items and the change in the District's contributions subsequent to the measurement date, as discussed in Notes 14 and 16, as well as amortization on the deferred charges on refunding, as discussed in Note 13.

Current liabilities increased by \$1,306,164, primarily due to increases in accounts payable, due to other governments, and due to teachers' retirement system, partially offset by decreases in accrued liabilities, accrued interest payable, and compensated absences payable.

Long-term liabilities increased by \$53,773,356, primarily due to increases in total other post-employment benefits obligation, and the net pension liability for teachers' retirement system. This increase was partially offset by a decrease in bonds payable and energy performance contract debt payable.

The changes in deferred inflows of resources represent amortization of pension and total other post-employment benefits obligation related items as described in Notes 14 and 16.

The net investment in capital assets, net of related debt, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$5,258,234 primarily due to a decrease in bond payable and a decrease in energy performance contract debt payable, partially offset by current year depreciation expense exceeding current year additions.

The restricted net position at June 30, 2021, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted net position increased by \$16,388,660 from the prior year.

The unrestricted deficit relates to the balance of the District's net position. This deficit amount, \$411,226,369, increased by \$58,692,893 from the prior year.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Changes in Net Position

Charges for services and instruction expenses were increased due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. The following schedule outlines these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 1,127,195	\$ 1,089,073	\$ 38,122
Expenses			
Instruction	203,636,678	203,595,729	40,949

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Change in Net Position from Operating Results - Governmental Activities Only

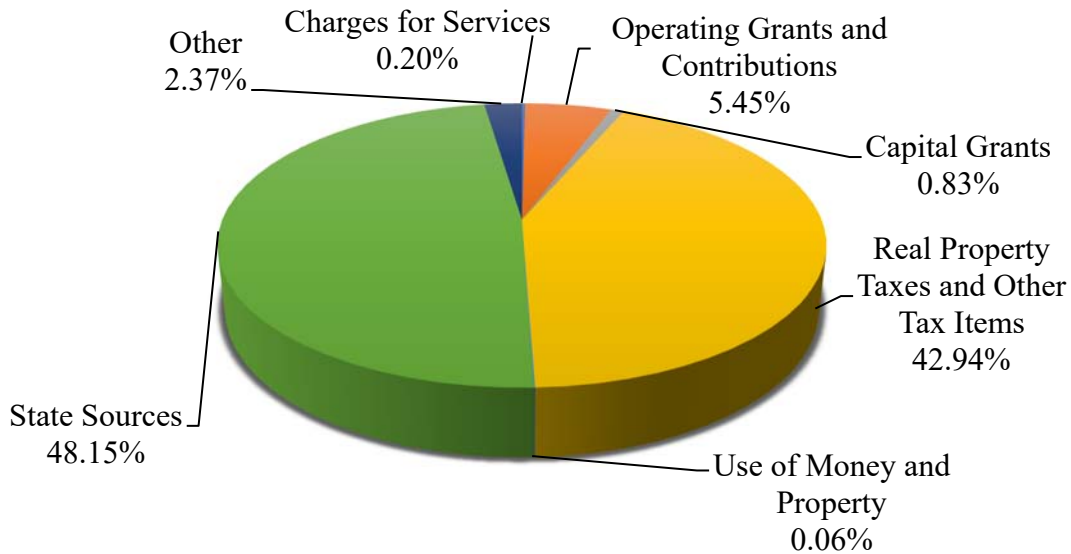
	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$476,911	\$1,127,195	(\$650,284)	(57.69)%
Operating grants and contributions	12,712,410	13,088,636	(376,226)	(2.87)%
Capital grants	1,927,209	-	1,927,209	N/A
General Revenues				
Real property taxes and other tax items	100,113,791	99,157,311	956,480	0.96%
State sources	112,271,898	116,625,394	(4,353,496)	(3.73)%
Use of money and property	142,798	379,707	(236,909)	(62.39)%
Other	5,514,087	3,236,333	2,277,754	70.38%
Total Revenues	<u>233,159,104</u>	<u>233,614,576</u>	<u>(455,472)</u>	<u>(0.19)%</u>
Expenses				
General support	50,551,598	49,573,626	977,972	1.97%
Instruction	202,752,928	203,636,678	(883,750)	(0.43)%
Pupil transportation	10,315,866	11,486,826	(1,170,960)	(10.19)%
Debt service - interest	962,661	1,213,752	(251,091)	(20.69)%
Food service program	5,622,050	5,961,214	(339,164)	(5.69)%
Total Expenses	<u>270,205,103</u>	<u>271,872,096</u>	<u>(1,666,993)</u>	<u>(0.61)%</u>
Total Change in Net Position	<u>(37,045,999)</u>	<u>(38,257,520)</u>	<u>\$1,211,521</u>	<u>(3.17)%</u>

The District's total fiscal year 2021 revenues totaled \$233,159,104. Real property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing 42.94% and 48.15%, respectively of total District revenues. The remainder came from fees charged for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources.

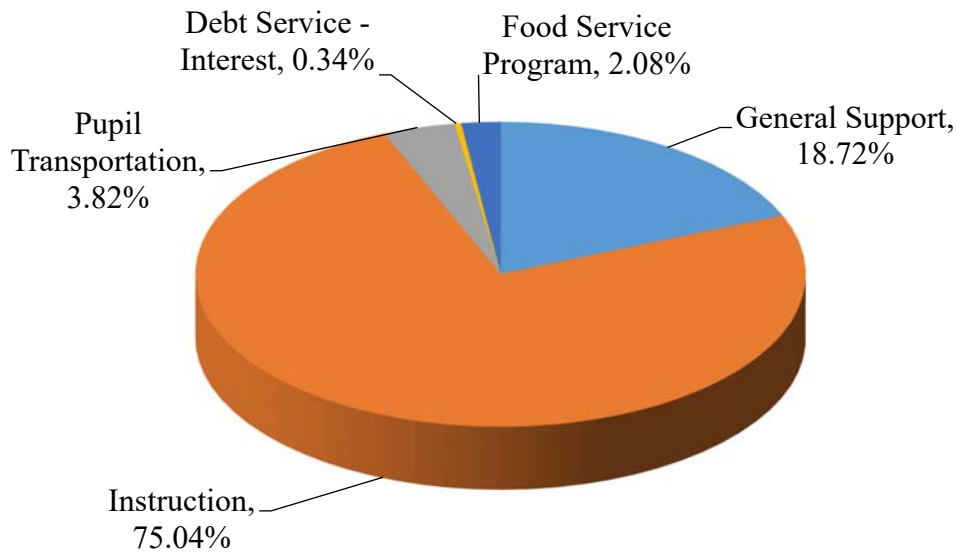
**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The total cost of all programs and services totaled \$270,205,103 for fiscal year 2021. These expenses are predominantly related to instruction, which account for 75.04% of District expenses. The District’s general support activities accounted for 18.72% of total costs. Total expenses decreased by \$1,666,993 or 0.61% from the prior year.

Revenues for Fiscal Year 2021



Expenses for Fiscal Year 2021



**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

C) Governmental Activities

Revenues for the District's governmental activities totaled \$233,159,104 while total expenses equaled \$270,205,103 which resulted in an increase to the net deficit of \$37,045,999. This was primarily due to the increase in other post-employment benefits obligation and the net pension liability for the teachers' retirement system, as actuarially determined.

The overall financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Strategic use of services from the Eastern Suffolk BOCES; and
- Improved curriculum and community support.

The table below presents the cost of major District activities: general support, instruction, pupil transportation, debt service and food service program. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year	(As Restated) Fiscal Year	Fiscal Year	(As Restated) Fiscal Year
	2021	2020	2021	2020
General support	\$ 50,551,598	\$ 49,573,626	\$ 50,551,598	\$ 49,573,626
Instruction	202,752,928	203,636,678	191,020,758	193,962,219
Pupil transportation	10,315,866	11,486,826	10,315,866	11,486,826
Debt service - interest	962,661	1,213,752	962,661	1,213,752
Food service program	5,622,050	5,961,214	2,237,690	1,361,694
Total	\$ 270,205,103	\$ 271,872,096	\$ 255,088,573	\$ 257,598,117

- The cost of all governmental activities this year was \$270,205,103.
- The users of the District's programs financed \$476,911 of the cost.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$12,712,410 and capital grants of \$1,927,209.
- Most of the District's net costs of \$255,088,573 were financed by District taxpayers and state and federal aid.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$39,128,557, which is an increase of \$8,453,876 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84, *Fiduciary Activities*.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	2021	As Restated 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$ 1,835,368	\$ 1,835,368	\$ -	0.00%
Restricted for employee benefit accrued liability	20,320,415	3,795,101	16,525,314	435.44%
Restricted for retirement contribution	5,971,067	5,971,067	-	0.00%
Restricted for capital		840,204	(840,204)	(100.00)%
Restricted for liability	77,000	77,000	-	0.00%
Assigned - general support	643,203	227,968	415,235	182.15%
Assigned - instruction	588,455	558,570	29,885	5.35%
Assigned - for next year's budget		1,000,000	(1,000,000)	(100.00)%
Unassigned	9,137,283	14,846,219	(5,708,936)	(38.45)%
Total fund balance - general fund	<u>38,572,791</u>	<u>29,151,497</u>	<u>9,421,294</u>	32.32%
School Lunch Fund				
Non spendable for inventory	28,614	38,463	(9,849)	(25.61)%
Assigned-unappropriated		1,345,055	(1,345,055)	(100.00)%
Unassigned for school lunch	(29,108)		(29,108)	N/A
Total fund balance (deficit)- school lunch fund	<u>(494)</u>	<u>1,383,518</u>	<u>(1,384,012)</u>	(100.04)%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	155,623	161,756	(6,133)	(3.79)%
Assigned - unappropriated fund balance	107,540	105,894	1,646	1.55%
Total fund balance - miscellaneous special revenue fund	<u>263,163</u>	<u>267,650</u>	<u>(4,487)</u>	(1.68)%
Capital Projects Fund				
Restricted for capital reserve	709,683		709,683	N/A
Restricted for unspent bond proceeds	102,577	102,577	-	0.00%
Unassigned for capital projects	(875,741)	(587,139)	(288,602)	(49.15)%
Total fund deficit - capital projects fund	<u>(63,481)</u>	<u>(484,562)</u>	<u>421,081</u>	86.90%
Debt Service Fund				
Restricted for debt service	356,578	356,578	-	0.00%
Total fund balance - debt service fund	<u>356,578</u>	<u>356,578</u>	<u>-</u>	0.00%
Total fund balance - all funds	<u>\$ 39,128,557</u>	<u>\$ 30,674,681</u>	<u>\$ 8,453,876</u>	27.56%

A) General Fund:

The fund balance in the general fund increased by \$9,421,294 due to revenues and other financing sources of \$221,192,032 exceeding expenditures and other financing uses of \$211,770,738. Revenues increased \$2,126,807 or 0.97% compared to the prior year, mostly due to the increase in real property taxes and other tax items, miscellaneous revenues, and federal sources. Expenditures decreased \$278,253 or 0.13%.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) School Lunch Fund:

The fund balance in the school lunch fund decreased by \$1,384,012 due to the current year operating loss in the food service program.

C) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund decreased \$4,487, which is due to the extraclassroom activities and scholarships and donations expenditures exceeding revenues.

D) Capital Projects Fund:

The fund balance in the capital projects fund increased by \$421,081 as a result of revenues and an interfund transfer from the general fund from the capital reserve exceeding capital outlay.

E) Debt Service Fund:

The fund balance in the debt service fund remained unchanged.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Budget

The District’s general fund adopted budget for the year ended June 30, 2021 was \$220,487,829. This amount was increased by encumbrances carried forward from the prior year in the amount of \$786,538 and for voter approved transfers from the capital reserve in the amount of \$840,204. This resulted in a final budget of \$222,114,571. The majority of the funding was real property taxes, including other tax items of \$98,823,512 and state sources of \$114,516,806.

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

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior years’ excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years’ budgets. It is this balance that is commonly referred to as “fund balance”. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	\$ 14,846,219
Revenues over budget	1,704,203
Expenditures and encumbrances under budget	9,112,175
Funding of reserves	(16,525,314)
Closing, unassigned fund balance	<u><u>\$ 9,137,283</u></u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The opening unassigned fund balance of \$14,846,219 is the June 30, 2020 unassigned fund balance.

The revenues over budget of \$1,704,203 were primarily in other real property tax items and miscellaneous revenues.

The expenditures and encumbrances under budget of \$9,112,175 reflected savings across the budget, but were predominantly in central services, instruction, pupil transportation, and employee benefits.

The District received voter approval to utilize \$840,204 from the capital reserve in the general fund, which is recorded as a budget revision and therefore had no net effect on ending unassigned fund balance.

The District funded the employee benefit accrued liability reserve in the amount of \$16,525,314.

The District closed the 2020-21 fiscal year with \$9,137,283 in unassigned fund balance. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets, net of depreciation are as follows:

Capital Assets (Net of Depreciation)

Category	2021	2020	Increase (Decrease)	Percentage Change
Land	\$ 604,390	\$ 604,390	\$ -	0.00%
Construction in progress	1,631,479	971,605	659,874	67.92%
Buildings & building improvements	140,457,497	140,024,497	433,000	0.31%
Furniture & equipment	3,633,244	3,559,783	73,461	2.06%
Land improvements	3,265,655	3,265,655	-	0.00%
Subtotal	<u>149,592,265</u>	<u>148,425,930</u>	<u>1,166,335</u>	0.79%
Less: accumulated depreciation	<u>59,791,178</u>	<u>57,105,562</u>	<u>2,685,616</u>	4.70%
Total net capital assets	<u>\$ 89,801,087</u>	<u>\$ 91,320,368</u>	<u>\$ (1,519,281)</u>	(1.66)%

The District's capital asset additions consisted of capital outlay of \$1,092,874 and capital assets additions of \$97,605. Depreciation expense for the current year totaled \$2,709,760.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Long-Term Debt

At June 30, 2021, the District had total bonds payable of \$28,720,000 and obligation under an energy performance contract debt payable of \$5,161,603. A summary of outstanding debt at June 30, 2021 follows. More detailed information about the District's long-term debt is presented in the Note 12 to the Financial Statements.

	2021	2020	Increase (Decrease)	Percentage Change
Serial bonds	\$ 28,720,000	\$ 34,230,000	\$ (5,510,000)	(16.10)%
Energy performance contract debt payable	5,161,603	6,011,065	(849,462)	(14.13)%
	<u>\$ 33,881,603</u>	<u>\$ 40,241,065</u>	<u>\$ (6,359,462)</u>	<u>(15.80)%</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A)** The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amount of \$6,944,800 for the Elementary and Secondary School Emergency Relief Program (ESSER), and \$292,487 for the Governor's Emergency Education Relief Program (GEER). 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 funds as they are expended. As of the date of the financial statement issuance, the District has received \$1,388,960 for ESSER and \$58,497 for GEER.
- B)** On October 19, 2021, the District entered into an energy performance contract in the amount of \$7,423,335 to finance energy conservation improvements approved by the District voters on October 8, 2020. The scope of the project was reduced from \$8,655,952 to \$7,423,335.
- C)** On October 14, 2021 the District issued a tax anticipation note in the amount of \$24,000,000 at an interest rate of 1.25%. The tax anticipation notes mature on June 24, 2022.
- D)** The general fund budget for the 2021-2022 school year was approved by the voters in the amount of \$228,432,084. This is an increase of \$7,944,255 or 3.60% from the previous year's budget. The increase was primarily due to increase in personnel and employee benefits costs.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Central Islip Union Free School District
Sharon Dungee
Superintendent of Schools
50 Wheeler Road
Central Islip, New York 11722
631-348-5112

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS		
Cash		
Unrestricted	\$ 33,452,473	
Restricted	29,528,311	
Receivables		
State and federal aid	7,616,710	
Due from other governments	4,669,799	
Accounts receivable	1,459,556	
Inventories	28,614	
Capital assets		
Not being depreciated	2,235,869	
Being depreciated, net of accumulated depreciation	87,565,218	
TOTAL ASSETS	<u>166,556,550</u>	
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	81,243	
Pensions	64,421,904	
Other post-employment benefits obligation	154,154,793	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>218,657,940</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>385,214,490</u>	
LIABILITIES		
Payables		
Accounts payable	2,803,480	
Accrued liabilities	14,808,109	
Accrued interest payable	410,141	
Due to other governments	3,712,732	
Due to teachers' retirement system	9,352,146	
Due to employees' retirement system	1,283,058	
Compensated absences payable	3,574,056	
Unearned credits		
Collections in advance	96,605	
Long-term liabilities		
Due and payable within one year		
Bonds payable (inclusive of unamortized premiums)	5,598,044	
Energy performance contract debt payable	875,610	
Compensated absences payable	4,332,888	
Due and payable after one year		
Bonds payable (inclusive of unamortized premiums)	23,798,897	
Energy performance contract debt payable	4,285,993	
Compensated absences payable	61,606,437	
Workers' compensation claims payable	2,664,363	
Net pension liability - proportionate share - employees' retirement system	71,810	
Net pension liability - proportionate share - teachers' retirement system	13,691,293	
Total other post-employment benefits obligation	496,609,122	
TOTAL LIABILITIES	<u>649,574,784</u>	
DEFERRED INFLOWS OF RESOURCES		
Pensions	29,356,956	
Other post-employment benefits obligation	32,657,022	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>62,013,978</u>	
NET POSITION		
Net investment in capital assets	55,426,363	
Restricted		
Workers' compensation	1,835,368	
Employee benefit accrued liability	20,320,415	
Retirement contribution - employees' retirement system	5,971,067	
Capital	709,683	
Property loss and liability	77,000	
Debt service	356,578	
Scholarships and donations	155,623	
	<u>29,425,734</u>	
Unrestricted (deficit)	<u>(411,226,369)</u>	
TOTAL NET POSITION (DEFICIT)	<u>\$ (326,374,272)</u>	

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues		Capital Grants	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
FUNCTIONS / PROGRAMS					
General support	\$ (50,551,598)	\$	\$	\$	\$ (50,551,598)
Instruction	(202,752,928)	384,725	9,420,236	1,927,209	(191,020,758)
Pupil transportation	(10,315,866)				(10,315,866)
Debt service - interest	(962,661)				(962,661)
Food service program	(5,622,050)	92,186	3,292,174		(2,237,690)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (270,205,103)</u>	<u>\$ 476,911</u>	<u>\$ 12,712,410</u>	<u>\$ 1,927,209</u>	<u>(255,088,573)</u>
GENERAL REVENUES					
Real property taxes					86,772,038
Other tax items - including STAR reimbursement					13,341,753
Use of money and property					142,798
Sale of property and compensation for loss					1,368,446
Miscellaneous					3,685,796
State sources					112,271,898
Medicaid reimbursement					459,845
TOTAL GENERAL REVENUES					<u>218,042,574</u>
CHANGE IN NET POSITION					(37,045,999)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)					<u>(289,328,273)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (326,374,272)</u>

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 33,023,995	\$ 243,928	\$ 77,010	\$ 107,540			\$ 33,452,473
Restricted	29,322,876			155,623	49,812		29,528,311
Receivables							
State and federal aid	2,592,710	3,411,502	359,040		1,253,458		7,616,710
Due from other governments	4,669,799						4,669,799
Due from other funds	4,822,867	1,026,627	18,899		1,513,954	356,578	7,738,925
Accounts receivable	1,459,556						1,459,556
Inventories			28,614				28,614
TOTAL ASSETS	\$ 75,891,803	\$ 4,682,057	\$ 483,563	\$ 263,163	\$ 2,817,224	\$ 356,578	\$ 84,494,388
LIABILITIES							
Payables							
Accounts payable	\$ 2,320,397	\$ 146,580	\$ 20,640		\$ 315,863		\$ 2,803,480
Accrued liabilities	13,775,062	649,218	383,829				14,808,109
Due to other governments	3,711,551		1,181				3,712,732
Due to other funds	2,559,480	3,793,493	74,568		1,311,384		7,738,925
Due to teachers' retirement system	9,352,146						9,352,146
Due to employees' retirement system	1,283,058						1,283,058
Compensated absences	3,574,056						3,574,056
Unearned credits							
Collections in advance		92,766	3,839				96,605
TOTAL LIABILITIES	36,575,750	4,682,057	484,057	-	1,627,247	-	43,369,111
DEFERRED INFLOWS OF RESOURCES							
New York State supplemental aid	486,939						486,939
New York State Smart Schools Bond Act					1,253,458		1,253,458
Foster tuition	256,323						256,323
TOTAL DEFERRED INFLOWS OF RESOURCES	743,262	-	-	-	1,253,458	-	1,996,720
FUND BALANCES							
Nonspendable:							
Inventories			28,614				28,614
Restricted:							
Workers' compensation	1,835,368						1,835,368
Employee benefit accrued liability	20,320,415						20,320,415
Retirement contribution - employees' retirement system	5,971,067						5,971,067
Capital					709,683		709,683
Property loss and liability	77,000						77,000
Debt service						356,578	356,578
Unspent bond proceeds					102,577		102,577
Scholarships and donations				155,623			155,623
Assigned:							
Unappropriated	1,231,658			107,540			1,339,198
Unassigned	9,137,283		(29,108)		(875,741)		8,232,434
TOTAL FUND BALANCES	38,572,791	-	(494)	263,163	(63,481)	356,578	39,128,557
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 75,891,803	\$ 4,682,057	\$ 483,563	\$ 263,163	\$ 2,817,224	\$ 356,578	\$ 84,494,388

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$ 39,128,557

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. The Statement of Net Position include 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	\$ 149,592,265	
Accumulated depreciation	<u>(59,791,178)</u>	89,801,087

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Deferred outflows of resources - deferred charges on refunding		81,243
--	--	--------

Deferred inflows of resources - supplemental aid and foster tuition. The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual. 1,996,720

Deferred inflows of resources-The Statement of Net Position recognized revenues and expenditures received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions and other post-employment benefits obligation that will be recognized as a reduction in expense in future periods amounted to:

Deferred inflows of resources - employees' retirement system	\$ (21,443,059)	
Deferred inflows of resources - teachers' retirement system	(7,913,897)	
Deferred inflows of resources - other post-employment benefits	<u>(32,657,022)</u>	(62,013,978)

Deferred outflows of resources-The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits obligation that will be recognized as expenditures in future periods amounted to:

Deferred outflows of resources - employees' retirement system	\$ 17,329,440	
Deferred outflows of resources - teachers' retirement system	47,092,464	
Deferred outflows of resources - other post-employment benefits	<u>154,154,793</u>	218,576,697

Payables that are associated with long-term liabilities that are not due and payable in the current period are not reported as liabilities in the funds. Accrued interest payable for the year ended June 30, 2021 was: (410,141)

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

Bonds payable (inclusive of unamortized premiums)	\$ (29,396,941)	
Energy performance contract debt payable	(5,161,603)	
Compensated absences payable	(65,939,325)	
Workers' compensation claims payable	(2,664,363)	
Net pension liability-proportionate share - employees' retirement system	(71,810)	
Net pension liability-proportionate share - teachers' retirement system	(13,691,293)	
Total other post-employment benefits obligation	<u>(496,609,122)</u>	(613,534,457)

Total Net Position (deficit) \$ (326,374,272)

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 86,772,038	\$	\$	\$	\$	\$	\$ 86,772,038
Other tax items - including STAR reimbursement	13,341,753						13,341,753
Charges for services	471,135			32,008			503,143
Use of money and property	142,798						142,798
Sale of property and compensation for loss	1,367,926		520				1,368,446
Miscellaneous	3,523,454		1,048	23,313			3,547,815
Interfund revenues	6,165						6,165
Local sources		10,029					10,029
State sources	113,167,583	3,312,757	85,263		673,751		117,239,354
Medicaid reimbursement	459,845						459,845
Federal sources	1,778,041	4,296,096	3,027,143				9,101,280
Surplus food			179,768				179,768
Sales			92,186				92,186
TOTAL REVENUES	221,030,738	7,618,882	3,385,928	55,321	673,751	-	232,764,620
EXPENDITURES							
General support	22,560,971						22,560,971
Instruction	111,303,522	7,487,373		59,808			118,850,703
Pupil transportation	9,940,289	375,577					10,315,866
Employee benefits	58,627,977	408,007					59,035,984
Debt service - principal	6,359,462						6,359,462
Debt service - interest	1,486,238						1,486,238
Cost of sales			4,769,940				4,769,940
Capital outlay					1,092,874		1,092,874
TOTAL EXPENDITURES	210,278,459	8,270,957	4,769,940	59,808	1,092,874	-	224,472,038
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,752,279	(652,075)	(1,384,012)	(4,487)	(419,123)	-	8,292,582
OTHER FINANCING SOURCES AND (USES)							
Premium on issuance	161,294						161,294
Operating transfers in		652,075			840,204		1,492,279
Operating transfers (out)	(1,492,279)						(1,492,279)
TOTAL OTHER FINANCING SOURCES AND (USES)	(1,330,985)	652,075	-	-	840,204	-	161,294
NET INCREASE (DECREASE)	9,421,294	-	(1,384,012)	(4,487)	421,081	-	8,453,876
FUND BALANCES - BEGINNING OF YEAR (AS RESTATED, SEE NOTE 20)	29,151,497	-	1,383,518	267,650	(484,562)	356,578	30,674,681
FUND BALANCES - END OF YEAR	\$ 38,572,791	\$ -	\$ (494)	\$ 263,163	\$ (63,481)	\$ 356,578	\$ 39,128,557

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances \$ 8,453,876

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

Long-Term Revenue and Expense Differences

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual Governmental funds recognize revenue under the modified accrual 239,355

In the Statement of Activities, compensated absences (vacation and sick days) are measured by the amounts earned incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of resources used. (54,449)

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, payable is recognized as it accrues regardless of when it is due. Accrued workers' compensation claims payable changed 4,785

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$ (10,472,699)	
Employees' retirement system	1,511,701	
Other post-employment benefits obligation	<u>(42,092,326)</u>	(51,053,324)

Long-Term Debt Transactions

Repayment of bond and energy performance contract debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 6,359,462

Interest on debt in the Statement of Activities differs from the amounts reported in the governmental funds because is recorded as an expenditure in the funds when it is due, and this requires the use of current financials resources. In Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued from June 30, 2020 to June 30, 2021 changed by: 105,524

Governmental funds report the premiums, discounts and similar items on the refunded debt when the debt is first These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2021 was:

Amortization on deferred premiums	\$ 493,046	
Amortization on deferred charges on refunding	<u>(74,993)</u>	418,053

Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. For activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives annual depreciation expense in the Statement of Activities.

Capital outlays	\$ 1,190,479	
Depreciation expense	<u>(2,709,760)</u>	<u>(1,519,281)</u>

Change in Net Position of Governmental Activities \$ (37,045,999)

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2021**

	Custodial
ASSETS	
Due from other governments - Town of Islip	\$ 7,558
TOTAL ASSETS	\$ 7,558
 LIABILITIES	
Due to other governments - Public Library	\$ 7,558
TOTAL LIABILITIES	7,558
 NET POSITION	
Restricted	-
TOTAL NET POSITION	-
 TOTAL LIABILITIES AND NET POSITION	\$ 7,558

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial
ADDITIONS	
Real property taxes collected for Public Library	\$ 3,454,988
Payments in lieu of taxes (PILOT) collected for Public Library	193,183
TOTAL ADDITIONS	3,648,171
DEDUCTIONS	
Real property taxes disbursed to Public Library	3,454,988
Payments in lieu of taxes (PILOT) disbursed to Public Library	193,183
TOTAL DEDUCTIONS	3,648,171
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Central Islip Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, and by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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 shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES is organized under §1950 of the New York State 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 New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative, program and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants, if applicable.

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Fund Financial Statements provide information about the District's funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts 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 either by governments that provide the funds, or by outside parties.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those 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. The District's fiduciary fund includes the custodial fund, where assets and liabilities are held by the District as a custodian. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

D) Measurement focus and basis of accounting:

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 property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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, compensated absences, claims payable, net pension liability, and other post-employment benefits obligation, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. The District's tax levy is collected by the Town of Islip. Tax collections are remitted to the District and Town Comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position 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.

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

In the District-Wide Financial 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 fund). Eliminations have been made for all interfund receivables and payables between the funds.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) 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, liabilities, and deferred inflows, disclosure of contingent items at the date of the financial statements and the reported

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, workers' compensation claims, other post-employment benefits, net pension asset/liability, potential contingent liabilities and useful lives of capital assets.

I) Cash and investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market.

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

A non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund as non-spendable under GASB Statement No. 54 to signify that a portion of fund balance is not available for other subsequent expenditures.

A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

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), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	\$500,000	Straight-line	50-25 years
Land improvements	\$25,000	Straight-line	20 years
Furniture & equipment	\$5,000	Straight-line	5-20 years

M) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first is the financial effect of deferred charges on advance refunding of general obligation serial bonds. The District reported \$81,243 of deferred outflows of resources that resulted from the difference in the net carrying value of the refunded debt over its reacquisition price, detailed further in Note 13. The other two items in this category are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. The deferred inflows of resources on the Fund Level Statements represent supplemental aid, foster tuition amounts, and New York State Smart Schools Bond Act funds. In subsequent periods, when the availability criterion is met, deferred inflows are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2021 consist of amounts received in advance for grant money received prior to the qualifying expenditures in the federal fund and for meals that have not yet been purchased in the school lunch fund.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

O) Vested employee benefits:

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

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

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability 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, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees who have obligated themselves to separate from service with the District by June 30.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Q) Short-term debt:

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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 in the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN issued for capital purposes be converted to long-term financing within five years after the original issue dated.

The District has issued and redeemed TANs totaling \$24,000,000 in the fiscal year ended June 30, 2021. See Note 11 for further detail.

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, pension liabilities, other post-employment benefit obligations and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S) Equity classifications:

District-Wide Financial Statements

In the District-Wide Financial 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 acquisition, constructions or improvements of those assets, net of any unspent proceeds and including any unamortized items (discounts, premiums, gain on refunding).

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NOTES TO FINANCIAL STATEMENTS
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Restricted net position - reports net position when constraints placed on the assets 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 net position - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Financial Statements

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2021, the District had \$28,614 in nonspendable fund balance for inventory recorded in the school lunch fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this must be used for the payment of accrued employee benefit 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. This reserve is accounted for in the general fund.

Retirement Contribution Reserve

According to General Municipal Law §6-r, this must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Capital Reserve

According to Education Law §3651, must be 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. Expenditures 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. This reserve is accounted for in the general fund. Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

Property Loss and Liability

According to General Municipal Law §6-h, this must be 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.

Debt Service

This account is used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unexpected balances of proceeds from borrowings for capital projects, interest and earnings from investment in proceeds of borrowing premiums. This reserve is accounted for in the debt service fund.

Unspent Bond Proceeds

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Scholarships and Donations:

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

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2021.

Assigned fund balance – Includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. All encumbrances are classified as assigned fund balances. The amount appropriated for the subsequent year’s budget of the general fund is classified as assigned fund balance in the general fund.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s unassigned fund balance at June 30, 2021 is within this limit.

Deficit Fund Balance

The unassigned deficit fund balance in the capital projects fund of \$875,741 will be eliminated once New York State Smart Schools Bond Act funds are received. The unassigned deficit fund balance in the school lunch fund of \$29,108, is a result of operating deficits in the current and the prior year.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

T) New accounting pronouncements:

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 for further consideration.

U) Future changes in accounting standards:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

This is the statement that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will evaluate the impact this pronouncement may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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. The difference primarily

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

results from additional long-term economic focus of the Statement of Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

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 modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Long-term debt differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets 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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted.

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

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. 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 are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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sources not included in the original budget (when permitted by law). 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. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5-Schedule of Change from the Adopted Budget to Final Budget – General Fund.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District’s voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance 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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District’s investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States 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 the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A) Uncollateralized;

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

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2021 included \$29,528,311 within the governmental funds for general reserves and amounts restricted for scholarships and donations and capital projects.

C) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

D) Investment Pool:

The District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$671,271,144 which consists of \$247,300,000 in repurchase agreements, \$225,772,562 in U.S. Treasury Securities, \$198,111,653 in collateralized bank products with various interest rates and due dates and \$86,929 in cash.

At June 30, 2021 the District held \$280,458 in investments consisting of various investments in securities issued by the United States and its agencies.

The following amounts are included as cash:

<u>Fund</u>	<u>Carrying Amount</u>
General fund	\$280,458
	<u>\$280,458</u>

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The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. New York Liquid Asset Fund (NYLAF) is rated AAAM by Standard and Poor's Ratings Agency. Additional information concerning the cooperative is presented in the annual report of the NYLAF, which may be obtained from their website, www.nylaf.org.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$19,130,272 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,522,088. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services, James Hines Administration Center, 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2021 consisted of the following:

Description	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Total
State aid-excess cost	\$ 2,227,193	\$	\$	\$	\$ 2,227,193
State aid-general	22,527				22,527
State worker compensation	58,127				58,127
State and local grants		2,273,504		1,253,458	3,526,962
Federal grants	284,863	1,137,998			1,422,861
Snack-federal			432		432
Breakfast-federal			139,063		139,063
Lunch-federal			202,931		202,931
Breakfast - state			13,179		13,179
Lunch - state			3,435		3,435
Total	<u>\$ 2,592,710</u>	<u>\$ 3,411,502</u>	<u>\$ 359,040</u>	<u>\$ 1,253,458</u>	<u>\$ 7,616,710</u>

The general fund state aid receivable includes \$486,939 of unavailable revenues for supplemental aid, which is included in deferred inflows of resources on the balance sheet. The capital projects fund includes \$1,253,458 of unavailable revenues for the Smart Schools Bond Act, which is included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

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NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2021 consisted of the following:

BOCES aid	\$ 3,522,088
Suffolk County PILOT	674,328
Foster tuition and health services	256,323
Town of Islip payment in lieu of property taxes	208,285
BOCES refund for homeless student transportation	5,115
Services to non-resident students	1,897
County of Suffolk primary election	1,350
BOCES refund for substitute teacher expenses	413
Total	<u>\$ 4,669,799</u>

District management has deemed these amounts to be fully collectible.

The general fund due from other governments includes \$256,323 of unavailable revenues for foster tuition, which is included in deferred inflows of resources on the balance sheet.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 604,390	\$	\$	\$ 604,390
Construction in progress	971,605	1,092,874	(433,000)	1,631,479
Total nondepreciable capital assets	<u>1,575,995</u>	<u>1,092,874</u>	<u>(433,000)</u>	<u>2,235,869</u>
Capital assets being depreciated				
Building & building improvement	140,024,497		433,000	140,457,497
Furniture and equipment	3,559,783	97,605	(24,144)	3,633,244
Land improvement	3,265,655			3,265,655
Total depreciable capital assets	<u>146,849,935</u>	<u>97,605</u>	<u>408,856</u>	<u>147,356,396</u>
Less accumulated depreciation:				
Building & building improvement	52,141,786	2,429,676		54,571,462
Furniture and equipment	2,528,354	165,304	(24,144)	2,669,514
Land improvement	2,435,422	114,780		2,550,202
Total accumulated depreciation	<u>57,105,562</u>	<u>2,709,760</u>	<u>(24,144)</u>	<u>59,791,178</u>
Total capital assets being depreciated, net	<u>89,744,373</u>	<u>(2,612,155)</u>	<u>433,000</u>	<u>87,565,218</u>
Total capital assets, net	<u>\$ 91,320,368</u>	<u>\$ (1,519,281)</u>	<u>\$ -</u>	<u>\$ 89,801,087</u>

Depreciation expense was charged to the governmental functions as follows:

Instruction	\$ 2,528,207
General support	172,282
Food service	9,271
	<u>\$ 2,709,760</u>

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NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 4,822,867	\$ 2,559,480	\$	\$ 1,492,279
Special aid fund	1,026,627	3,793,493	652,075	
School lunch fund	18,899	74,568		
Capital projects fund	1,513,954	1,311,384	840,204	
Debt service fund	356,578			
Total government activities	<u>\$ 7,738,925</u>	<u>\$ 7,738,925</u>	<u>\$ 1,492,279</u>	<u>\$ 1,492,279</u>

The District transferred from the general fund to the special aid fund to fund the District's share of summer program for students with disabilities and the state supported Section 4201 schools. The District also transferred \$840,204 from the capital reserve in the general fund to the capital projects fund to fund ongoing projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2021 consisted of the following:

General Fund	
NYS governmental agencies	\$ 18,024
Suffolk County governmental agencies	126,509
Town of Islip	4,938
NYS aid overpayment	1,405,142
Due to BOCES & NYS public schools	2,156,938
Total General Fund	<u>3,711,551</u>
School Lunch Fund	
Due to NYS Department of Taxation - sales tax	1,181
Total All Funds	<u>\$ 3,712,732</u>

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NOTE 11 - SHORT-TERM DEBT:

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/25/2021	1.25%	\$ -	\$ 24,000,000	\$ 24,000,000	\$ -

The Tax Anticipation Note (TAN) was issued for interim financing of general fund operations. Interest on short term debt for the year amounted to \$220,000.

NOTE 12 – LONG – TERM LIABILITIES:

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance*</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt:					
Bonds payable	\$ 34,230,000	\$ -	\$ (5,510,000)	\$ 28,720,000	\$ 5,105,000
Add: unamortized bond premiums	1,169,987		(493,046)	676,941	493,044
Total Bonds payable	<u>35,399,987</u>	<u>-</u>	<u>(6,003,046)</u>	<u>29,396,941</u>	<u>5,598,044</u>
Other long-term liabilities:					
Energy performance contract debt payable	6,011,065		(849,462)	5,161,603	875,610
Compensated absences payable	65,884,876	3,628,505	(3,574,056)	65,939,325	4,332,888
Workers' compensation claims payable	2,669,148	907,022	(911,807)	2,664,363	
Net pension liability-proportionate share					
Employees' retirement system	20,020,906		(19,949,096)	71,810	
Teachers' retirement system	-	13,691,293		13,691,293	
Total OPEB obligation	<u>429,775,119</u>	<u>76,112,790</u>	<u>(9,278,787)</u>	<u>496,609,122</u>	
Total long-term liabilities	<u>\$ 559,761,101</u>	<u>\$ 94,339,610</u>	<u>\$ (40,566,254)</u>	<u>\$ 613,534,457</u>	<u>\$ 10,806,542</u>

*Deferred premiums on refundings, net of accumulated amortization, have been reclassified to meet reporting requirements for the prior years' bond refundings.

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, energy performance contract debt payable, compensated absences payable, workers' compensation claims payable, net pension liabilities, and total other post-employment benefits obligation.

Authorized but Unissued Debt

On April 7, 2014 the voters approved a Capital Projects Bond Proposition authorizing the construction of infrastructure improvements and alterations to District school buildings and sites. This voter approval also included the authorized issuance of serial bonds up to an amount not to exceed \$24,890,000. The principal and interest of said serial bonds shall be paid through the levy and collection of taxes on all taxable real property in the District in addition to the authorization of

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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up to \$5,202,010 to be expended from the District's capital reserve to pay for a portion of the capital projects' cost and any such monies so expended shall reduce the amounts of bonds issued. Bonds were issued on August 16, 2018 in the amount of \$17,900,000, which leaves \$1,787,990 of authorized but unissued debt as of June 30, 2021. Additional details surrounding these outstanding bonds as of June 30, 2021 can be found below.

A) Bonds payable:

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Refunding-Serial Bond	5/17/2013	7/15/2023	2.0 - 5.0%	\$ 6,195,000
Serial Bond	9/13/2012	9/1/2028	4.2%	2,450,000
Serial Bond	9/12/2014	9/1/2028	2.0 - 3.0%	4,475,000
Serial Bond	8/16/2018	8/15/2033	2.5 - 3.0%	15,600,000
				<u>\$ 28,720,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 5,105,000	\$ 874,125	\$ 5,979,125
2023	5,240,000	673,775	5,913,775
2024	2,100,000	538,650	2,638,650
2025	2,125,000	471,075	2,596,075
2026-2030	9,350,000	1,374,150	10,724,150
2031-2034	4,800,000	288,000	5,088,000
	<u>\$ 28,720,000</u>	<u>\$ 4,219,775</u>	<u>\$ 32,939,775</u>

Upon default of the payment of principal or interest on the serial bonds, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance and apply the amount withheld to the payment of the defaulted principal or interest.

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B) Energy performance contract debt payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract debt payable	7/15/2011	10/15/2026	3.05%	<u>\$ 5,161,603</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 875,610	\$ 151,040	\$ 1,026,650
2023	902,562	124,088	1,026,650
2024	930,345	96,306	1,026,651
2025	958,982	67,669	1,026,651
2026	988,500	38,150	1,026,650
2027	505,604	7,723	513,327
	<u>\$ 5,161,603</u>	<u>\$ 484,976</u>	<u>\$ 5,646,579</u>

C) Long-term interest:

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

Interest paid	\$ 1,266,238
Less interest accrued in the prior year	(515,665)
Plus interest accrued in the current year	410,141
Less amortization of deferred bond premiums	(493,046)
Plus amortization of deferred charges on refunding	74,993
Total expense	<u>\$ 742,661</u>

NOTE 13 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:

Deferred charges on refunding pertaining to the 2013 refunding is recorded in the District-Wide Financial Statements as a deferred outflow of resources at June 30, 2021, and consisted of the following:

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	Balance at June 30, 2020	Current Year Amortization	Balance at June 30, 2021
Deferred charges on refunding	\$ 156,236	\$ (74,993)	\$ 81,243

The deferred charges on refunding is being amortized on the District-Wide Financial Statements using the straight-line method over 12 years, the time to maturity of the refunded bonds, at the point of refunding. Amortization is included as a component of interest expense.

NOTE 14 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers’ Retirement System

The District participates in the New York State Teachers’ Retirement System (TRS) (the “System”). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. 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 TRS. Once a public employer elects to participate in the System, 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 System may be obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System’s website at www.nystrs.org.

ii) Employees’ Retirement System

The District participates in the New York State and Local Employees’ Retirement System (ERS) (the “System”). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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

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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 System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976 but before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rate for ERS' fiscal year ended March 31, 2021 for covered payroll was 19.80% for Tier 2, 16.20% for Tiers 3 & 4, 13.50% for Tier 5, and 9.70% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2021	\$ 3,931,457	\$ 7,900,630
2020	\$ 3,993,017	\$ 7,451,026
2019	\$ 4,034,883	\$ 9,039,621

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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 ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 71,810	\$ 13,691,293
District's portion of the Plan's total net pension liability	0.0721171%	0.4954740%
Change in proportion since prior measurement date	-0.0034889%	-0.0144990%

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$2,420,668 for ERS and \$18,377,643 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 876,993	\$ 11,996,312	\$ -	\$ 701,652
Changes of assumptions	13,203,518	17,316,299	249,022	6,172,356
Net difference between projected and actual earnings on pension plan investments	-	8,941,614	20,628,022	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,965,871	937,609	566,015	1,039,889
District's contributions subsequent to the measurement date	1,283,058	7,900,630		
	\$ 17,329,440	\$ 47,092,464	\$ 21,443,059	\$ 7,913,897

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

	ERS	TRS
Plan Year ended:		
2021	\$	\$ 5,277,856
2022	(638,323)	10,710,900
2023	(42,149)	8,717,077
2024	(847,505)	5,503,079
2025	(3,868,700)	309,438
Thereafter	-	759,587
	\$ (5,396,677)	\$ 31,277,937

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:

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.40% annually	1.30% annually
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. 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, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

For TRS, the long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections 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 investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.05%	33%	7.1%
International equity	15%	6.30%	16%	7.7%
Global equity			4%	7.4%
Private equity	10%	6.75%	8%	10.4%
Real estate	9%	4.95%	11%	6.8%
Opportunistic/ARS portfolio	3%	4.50%		
Real assets	3%	5.95%		
Credit	4%	3.63%		
Cash	1%	0.50%		
Domestic fixed income securities	23%		16%	1.8%
Global fixed income securities			2%	1.0%
High-yield fixed income securities			1%	3.9%
Private debt			1%	5.2%
Real estate debt			7%	3.6%
Short-term			1%	7.0%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. 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. 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 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 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 6.10% for TRS) or 1-percentagepoint higher (6.90% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset (liability)	<u>\$ (19,931,641)</u>	<u>\$ (71,810)</u>	<u>\$ 18,243,603</u>
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset (liability)	<u>\$ (86,483,180)</u>	<u>\$ (13,691,293)</u>	<u>\$ 47,399,547</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. 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 wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$1,283,058.

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, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

30, 2021 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$9,352,146.

NOTE 15 – OTHER RETIREMENT PLANS:

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 termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$116,381 and \$5,771,406 respectively.

B) Deferred Compensation Plan:

The District 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 fiscal year ended June 30, 2021 totaled \$1,176,691.

NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) Plan descriptions:

The District's OPEB Plan (the "Plan") defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program Empire Plan (NYSHIP) and through United Public Service Employees' Union Benefit Plan (UPSEU), which is a fully insured, community rated plan maintained by Local 74 of the United Service Workers Union. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B) Benefits provided:

The Plan provides medical, dental, and Medicare Part B benefits for retired employees and their eligible dependents. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Plan members receiving benefits contributed either a fixed annual amount ranging between \$200 and \$900 or 0% - 15% of the health insurance premium. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District contributed an estimated \$9,278,787 to the Plan, including \$9,278,787 for

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

C) Employee covered by benefit terms:

At July 1, 2020, the following employees were covered by the benefit terms:

Active employees	951
Retirees	578
Beneficiaries	22
Spouses of Retirees	297
Total	<u><u>1,848</u></u>

D) Total OPEB liability:

The District’s total OPEB Liability of \$496,609,122 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB Liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Salary increases including inflation	2.60%
Discount rate	2.16%
Health cost trend rates	5.3% to 4.1% decreasing over 55 years

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

This valuation reflects the adoption of the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generation projection of future improvements per the MP-2019 ultimate scale.

Turnover rates and retirement rates were commensurate with the combined experience of the New York State Employees and Teachers Retirement Systems.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

E) Changes in the total OPEB liability:

Balance at June 30, 2020	\$ 429,775,119
Changes for the fiscal year:	
Service cost	15,444,554
Interest	9,737,385
Changes of benefit terms	418,561
Demographic losses	(15,562,520)
Changes in assumptions or other inputs	66,074,810
Benefit payments	(9,278,787)
Net changes	66,834,003
Balance at June 30, 2021	\$ 496,609,122

There were no significant plan changes since the last valuation.

Changes of assumptions include the change of the discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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 one percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 592,548,457	\$ 496,609,122	\$ 420,769,245

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 (4.30%) or 1 percentage higher (6.30%) than the current healthcare cost trend rate:

	Healthcare Cost		
	1% Decrease (4.30% decreasing to 3.10%)	Trend Rates (5.30% decreasing to 4.10%)	1% Increase (6.30% decreasing to 5.10%)
Total OPEB liability	\$ 417,315,003	\$ 496,609,122	\$ 601,163,888

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

F) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$51,371,113. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,657,022
Changes of assumptions or other inputs	154,154,793	-
	\$ 154,154,793	\$ 32,657,022

Amounts reported as deferred inflows of resources and deferred outflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2022	\$ 25,770,613
2023	25,770,613
2024	27,014,406
2025	26,879,700
2026	10,785,037
Thereafter	5,277,402
	\$ 121,497,771

NOTE 17 – RISK MANAGEMENT:

A) General:

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; natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded reserves and commercial insurance coverage for the past three years.

B) Consortiums and self-insured plans:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. As of June 30, 2021, the District has incurred but unpaid claims liability in the amount of \$2,664,363 and has a restricted fund balance for workers' compensation in the amount of \$1,835,368.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Claims activity for the current and preceding year is summarized below:

	2021	2020
Unpaid claims at beginning of year	\$ 2,669,148	\$ 3,056,222
Incurred claims and claim adjustment expenses	907,022	486,701
Claims payments	(911,807)	(873,775)
Unpaid claims at year end	<u>\$ 2,664,363</u>	<u>\$ 2,669,148</u>

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

General Fund	
General support	\$ 643,203
Instruction	588,455
Total General Fund	<u>\$ 1,231,658</u>

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, will be immaterial.

C) Building Aid Penalty:

Section 31 of Chapter 57 of the Laws of 2012 provides for amnesty for late filed construction final cost reports. Under this provision, rather than losing all aid associated with projects, a late filing penalty is assessed. By Memorandum and Order dated October 30, 2014, the Appellate Division found that the District would be allowed to receive building aid but would be subject to the 2012 Amnesty Legislation that imposes a penalty provision. The total estimated loss of building aid will be approximately \$3,929,000. The June 2014 State aid payment was reduced by \$2,104,606 as a lump sum recoupment of prior year revisions through June 30, 2013. For fiscal year ending June 30, 2016, building aid was reduced by an estimated \$187,000. For fiscal year ending June 30, 2017, building aid was reduced by an estimated \$271,000. For fiscal years ending June 30, 2018 through June 30, 2021, building aid was reduced by an estimated \$300,000 per year. The balance of payments due will be recouped on an amortized basis from future aid payments. The remaining balance owed at June 30, 2021 is approximately \$166,394. The final recoupment payment scheduled to be made is in fiscal year 2023-24.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D) 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.

E) Operating Leases:

The District leases various equipment under non-cancelable leases. Lease expense for the fiscal year was approximately \$339,607. The following is a summary of obligations of government activities under operating lease payments:

Fiscal Year Ended	Total
June 30,	
2022	338,484
2023	337,392
2024	277,768
2025	77,700
Total Lease Payments	<u>\$ 1,031,344</u>

NOTE 19 – TAX ABATEMENTS:

Suffolk County Industrial Development Agency and the Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 911-a and 898-b, respectively, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County and Town.

Related to agreements with the Town of Islip IDA, the District’s property tax revenue was reduced by \$5,578,084 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$5,261,063 for these programs.

Related to agreements with the Suffolk County IDA, the District’s property tax revenue was reduced by \$674,328 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$674,328 for these programs during the fiscal year.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 20 – RESTATEMENT OF FUND BALANCE AND NET POSITION:

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

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	\$ 29,151,497	\$ -	\$ (289,595,923)
Assets			
Cash	227,950	105,894	333,844
Cash - restricted		161,756	161,756
Due from fiduciary funds	<u>(1,015,174)</u>		<u>(1,015,174)</u>
Total Assets	<u>(787,224)</u>	<u>267,650</u>	<u>(519,574)</u>
Liabilities			
Current and other liabilities	17,691		17,691
Due to other funds	<u>(804,915)</u>		<u>(804,915)</u>
Total Liabilities	<u>(787,224)</u>	<u>-</u>	<u>(787,224)</u>
Fund Balance/Net Position (Deficit)			
Restricted for scholarships and donations		161,756	161,756
Assigned unappropriated fund balance		<u>105,894</u>	<u>105,894</u>
Total Fund Balance/Net Position	<u>-</u>	<u>267,650</u>	<u>267,650</u>
Net Increase (Decrease) in Fund Balance/ Net Position	<u>-</u>	<u>267,650</u>	<u>267,650</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	<u>\$ 29,151,497</u>	<u>\$ 267,650</u>	<u>\$ (289,328,273)</u>

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded the following subsequent events have occurred that would require disclosure in the notes to financial statements:

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- A)** The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amount of \$6,944,800 for the Elementary and Secondary School Emergency Relief Program (ESSER), and \$292,487 for the Governor’s Emergency Education Relief Program (GEER). 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 they are expended. As of the date of the financial statement issuance, the District has received \$1,388,960 for ESSER and \$58,497 for GEER.
- B)** On October 19, 2021, the District entered into an energy performance contract in the amount of \$7,423,335 to finance energy conservation improvements approved by the District voters on October 8, 2020. The scope of the project was reduced from \$8,655,952 to \$7,423,335.
- C)** On October 14, 2021 the District issued a tax anticipation note in the amount of \$24,000,000 at an interest rate of 1.25%. The tax anticipation notes mature on June 24, 2022.

SUPPLEMENTARY INFORMATION

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 94,132,834	\$ 86,767,150	\$ 86,772,038	\$ 4,888
Other real property tax items	4,050,000	12,056,362	13,341,753	1,285,391
Charges for services	3,455,000	595,139	471,135	(124,004)
Use of money & property		110,537	142,798	32,261
Sale of property & compensation for loss	100,000	1,326,639	1,367,926	41,287
Miscellaneous		1,889,345	3,523,454	1,634,109
Interfund revenues		15,000	6,165	(8,835)
State Sources				
Basic formula	117,154,995	79,000,633	77,382,282	(1,618,351)
Excess cost aid		13,375,206	13,645,282	270,076
Lottery grant		15,780,171	15,780,171	-
BOCES aid		3,523,086	3,522,088	(998)
Tuition		89,338	89,388	50
Textbook aid		475,786	475,786	-
Computer software aid		274,626	274,626	-
Library A/V loan program aid		49,737	49,737	-
Other state aid		1,948,223	1,948,223	-
Federal Sources				
CARES Act		1,615,851	1,778,041	162,190
Medicaid reimbursement	595,000	595,000	459,845	(135,155)
TOTAL REVENUES	<u>219,487,829</u>	<u>219,487,829</u>	<u>221,030,738</u>	<u>1,542,909</u>
Other financing sources				
Tan premium	-	-	161,294	161,294
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>219,487,829</u>	<u>219,487,829</u>	<u>221,192,032</u>	<u>\$ 1,704,203</u>
Appropriated Fund Balance	-	-		
Appropriated Reserves	<u>1,786,538</u>	<u>2,626,742</u>		
TOTAL REVENUES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 221,274,367</u>	<u>\$ 222,114,571</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.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 57,764	\$ 72,484	\$ 67,366	\$ 700	\$ 4,418
Central administration	587,193	543,940	528,758	26	15,156
Finance	1,783,581	1,523,874	1,458,026	26,087	39,761
Staff	1,112,434	1,027,961	984,265		43,696
Central services	19,472,552	19,141,133	17,690,389	616,390	834,354
Special items	1,484,023	1,847,124	1,832,167		14,957
Total General Support	<u>24,497,547</u>	<u>24,156,516</u>	<u>22,560,971</u>	<u>643,203</u>	<u>952,342</u>
Instructional					
Instruction, adm. & imp.	7,623,433	6,855,558	6,602,680	18,639	234,239
Teaching - regular school	50,583,746	49,957,334	48,487,328	26,117	1,443,889
Programs for children with handicapping conditions	39,000,650	35,701,082	34,309,099	8,299	1,383,684
Programs for english language learners	7,896,759	8,826,497	8,587,391		239,106
Occupational education	1,905,377	1,956,887	1,921,772	547	34,568
Teaching special schools	33,000	210,332	202,901		7,431
Instructional media	2,580,350	3,954,157	3,385,683	520,087	48,387
Pupil services	8,770,799	8,161,420	7,806,668	14,766	339,986
Total Instructional	<u>118,394,114</u>	<u>115,623,267</u>	<u>111,303,522</u>	<u>588,455</u>	<u>3,731,290</u>
Pupil transportation	<u>12,174,333</u>	<u>10,475,429</u>	<u>9,940,289</u>	<u>-</u>	<u>535,140</u>
Employee benefits	<u>57,935,673</u>	<u>62,521,378</u>	<u>58,627,977</u>	<u>-</u>	<u>3,893,401</u>
Debt service principal	6,359,462	6,359,462	6,359,462		-
Debt service - interest	1,616,238	1,486,238	1,486,238		-
Total Debt Service	<u>7,975,700</u>	<u>7,845,700</u>	<u>7,845,700</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>220,977,367</u>	<u>220,622,290</u>	<u>210,278,459</u>	<u>1,231,658</u>	<u>9,112,173</u>
Other Financing Uses					
Transfers to other funds	<u>297,000</u>	<u>1,492,281</u>	<u>1,492,279</u>	<u>-</u>	<u>2</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 221,274,367</u>	<u>\$ 222,114,571</u>	<u>211,770,738</u>	<u>\$ 1,231,658</u>	<u>\$ 9,112,175</u>
Change in fund balances			9,421,294		
Fund balances - beginning of year			<u>29,151,497</u>		
Fund balances - end of year			<u>\$ 38,572,791</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.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 15,444,554	\$ 11,265,534	\$ 7,569,244	\$ 8,507,037
Interest	9,737,385	12,362,248	10,582,023	9,867,545
Changes of benefit terms	418,561	-	-	-
Differences between expected and actual experience	(15,562,520)	-	(25,642,346)	(13,147,177)
Changes of assumptions or other inputs	66,074,810	68,163,663	90,969,403	-
Benefit payments	(9,278,787)	(7,848,279)	(6,962,728)	(6,067,492)
Net change in total OPEB liability	66,834,003	83,943,166	76,515,596	(840,087)
Total OPEB liability - beginning	429,775,119	345,831,953	269,316,357	270,156,444
Total OPEB liability - ending	<u>\$ 496,609,122</u>	<u>\$ 429,775,119</u>	<u>\$ 345,831,953</u>	<u>\$ 269,316,357</u>
Covered-employee payroll	\$ 102,756,842	\$ 103,915,462	\$ 103,915,462	\$ 76,457,106
Total OPEB liability as a percentage of covered-employee payroll	483.29%	413.58%	332.80%	352.25%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.50% as of June 30, 2019.

The discount rate was 3.87% as of June 30, 2018.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0721171%	0.0756060%	0.0786056%	0.0850106%	0.0833981%	0.0824660%	0.0797316%	0.0797316%
District's proportionate share of the net pension asset/(liability)	\$ (71,810)	\$ (20,020,906)	\$ (5,569,448)	\$ (2,743,669)	\$ (7,836,274)	\$ (13,236,016)	\$ (2,693,528)	\$ (3,602,959)
District's covered payroll	\$ 25,328,773	\$ 25,801,370	\$ 26,441,953	\$ 26,364,176	\$ 27,067,398	\$ 25,702,853	\$ 24,176,941	\$ 22,920,445
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	0.28%	77.60%	21.06%	10.41%	28.95%	51.50%	11.14%	15.72%
Plan fiduciary net position as a percentage of the total pension asset/ (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NYTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.495474%	0.509973%	0.505197%	0.506470%	0.492860%	0.500747%	0.475596%	0.446103%
District's proportionate share of the net pension asset/(liability)	\$ (13,691,293)	\$ 13,249,143	\$ 9,135,300	\$ 3,849,673	\$ (5,278,734)	\$ 52,011,658	\$ 52,978,484	\$ 2,936,488
District's covered payroll	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914	\$ 75,523,165	\$ 70,952,614	\$ 65,955,700
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	16.17%	15.46%	11.05%	4.72%	6.89%	68.87%	74.67%	4.45%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

*The amounts presented for each fiscal year were determined as of the measurement date of the plans.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,931,457	\$ 3,993,017	\$ 4,034,883	\$ 4,158,078	\$ 3,991,824	\$ 4,629,915	\$ 4,690,236	\$ 4,776,707	\$ 4,864,099	\$ 3,044,612
Contributions in relation to the contractually required contribution	3,931,457	3,993,017	4,034,883	4,158,078	3,991,824	4,629,915	4,690,236	4,776,707	4,864,099	3,044,612
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 25,128,036	\$ 25,667,998	\$ 26,640,220	\$ 26,129,100	\$ 27,035,672	\$ 26,183,395	\$ 24,685,374	\$ 23,029,198	\$ 22,580,979	\$ 21,042,554
Contributions as a percentage of covered payroll	15.65%	15.56%	15.15%	15.91%	14.77%	17.68%	19.00%	20.74%	21.54%	14.47%

NYTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 7,900,630	\$ 7,451,026	\$ 9,039,621	\$ 8,062,837	\$ 9,383,918	\$ 10,079,951	\$ 13,185,891	\$ 11,416,114	\$ 7,736,778	\$ 6,894,879
Contributions in relation to the contractually required contribution	7,900,630	7,451,026	9,039,621	8,062,837	9,383,918	10,079,951	13,185,891	11,416,114	7,736,778	6,894,879
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 82,899,575	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914	\$ 75,523,165	\$ 70,952,614	\$ 65,955,700	\$ 62,236,599
Contributions as a percentage of covered payroll	9.53%	8.80%	10.55%	9.75%	11.51%	13.17%	17.46%	16.09%	11.73%	11.08%

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 220,487,829
Add: Prior year's encumbrances	<u>786,538</u>
Original Budget	221,274,367
Budget revisions:	
Appropriated reserves - use of capital reserve	<u>840,204</u>
Final Budget	<u><u>\$ 222,114,571</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter approved expenditure budget	<u>\$ 228,432,084</u>
Maximum allowed (4% of the 2021-2022 budget)	<u>\$ 9,137,283</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,231,658
Unassigned fund balance	<u>9,137,283</u>
Total unrestricted fund balance	10,368,941
Less:	
Encumbrances included in assigned fund balance	<u>\$ 1,231,658</u>
Total adjustments	<u>1,231,658</u>
General fund fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 9,137,283</u>
Actual percentage	4.00%

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2021**

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Non-aidable	\$ 511,467	\$ 511,467	\$ 408,890	\$	\$ 408,890	\$ 102,577	\$ 511,467	\$	\$	\$ 511,467	\$ 102,577
Non-aidable	516,019	516,019	516,019		516,019	-			516,019	516,019	-
Emergency capital project	65,608	65,608	65,608		65,608	-			65,608	65,608	-
High school middle school roof	900,000	900,000	900,000		900,000	-			900,000	900,000	-
Land Purchase	64,740	64,740	64,740		64,740	-			64,740	64,740	-
Capital project--Smart Schools Bond			964,856	962,353	1,927,209	(1,927,209)		673,750		673,750	(1,253,459) *
District wide Ceilings	4,250,000	4,250,000	-	130,521	130,521	4,119,479			840,204	840,204	709,683
Capital project	16,800,000	16,800,000	16,406,106		16,406,106	393,894	12,525,000	3,316,280	850,005	16,691,285	285,179
Capital project	24,890,000	24,890,000	23,910,950		23,910,950	979,050	17,900,000		6,103,489	24,003,489	92,539
TOTAL	\$ 47,997,834	\$ 47,997,834	\$ 43,237,169	\$ 1,092,874	\$ 44,330,043	\$ 3,667,791	\$ 30,936,467	\$ 3,990,030	\$ 9,340,065	\$ 44,266,562	\$ (63,481)

* The negative fund balance will be eliminated once New York State Smart Schools Bond Act funds are received.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

Capital assets, net		\$ 89,801,087
Add:		
Unamortized deferred charge on refunding		81,243
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premium)	\$ 5,598,044	
Long-term portion of bonds payable (inclusive of unamortized premium)	23,798,897	
Less: unspent bond proceeds	<u>(102,577)</u>	29,294,364
Short-term portion of energy performance contract debt payable	\$ 875,610	
Long-term portion of energy performance contract debt payable	<u>4,285,993</u>	<u>5,161,603</u>
Net investment in capital assets		<u>\$ 55,426,363</u>



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

To the Board of Education
Central Islip Union Free School District

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 Central Islip Union Free School District (the "District"), as of and for the fiscal 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 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

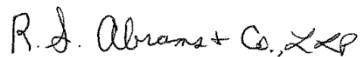
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



R.S. Abrams & Co., LLP
Islandia, NY
October 20, 2021