MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT

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R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Middle Country Central 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 Middle Country Central 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 the 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 15 and 61 through 65, 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 14, 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
Islandia, NY
October 14, 2021

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Middle Country Central School District's the "District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2021, are as follows:

- On May 18, 2021, the proposed 2021-2022 budget in the amount of $269,080,958 was approved by over 73% of the District's residents who voted. The property tax levy did not exceed the property tax cap.

- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled $280,602,742. Of this amount, $17,873,959 was offset by program charges for services and operating grants and contributions and capital grants. General revenues of $244,178,740 amount to 93.18% of total revenues.

- During the year, the District accounted for $1,041,664 in federal grants 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

- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of $917,774 for the Governor's Emergency Education Relief Program (GEER).

- The 20/21 school year presented many challenges for the District due to the COVID-19 virus. The District incurred over $5,600,000 in unbudgeted expenses directly related to increased staff due to social distance requirements and COVID expenses, such as PPE, cleaning supplies, filters and live streaming. The District has applied for cost reimbursements from FEMA in the amount of $ 407,906 and will recover some of the expenses thru the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA).

- The District utilized 85% of the budgeted reserves during the fiscal year ended June 30, 2021. Actual expenses in the areas of BOCES, Hospitalization and NYS retirement expenses were lower than anticipated.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

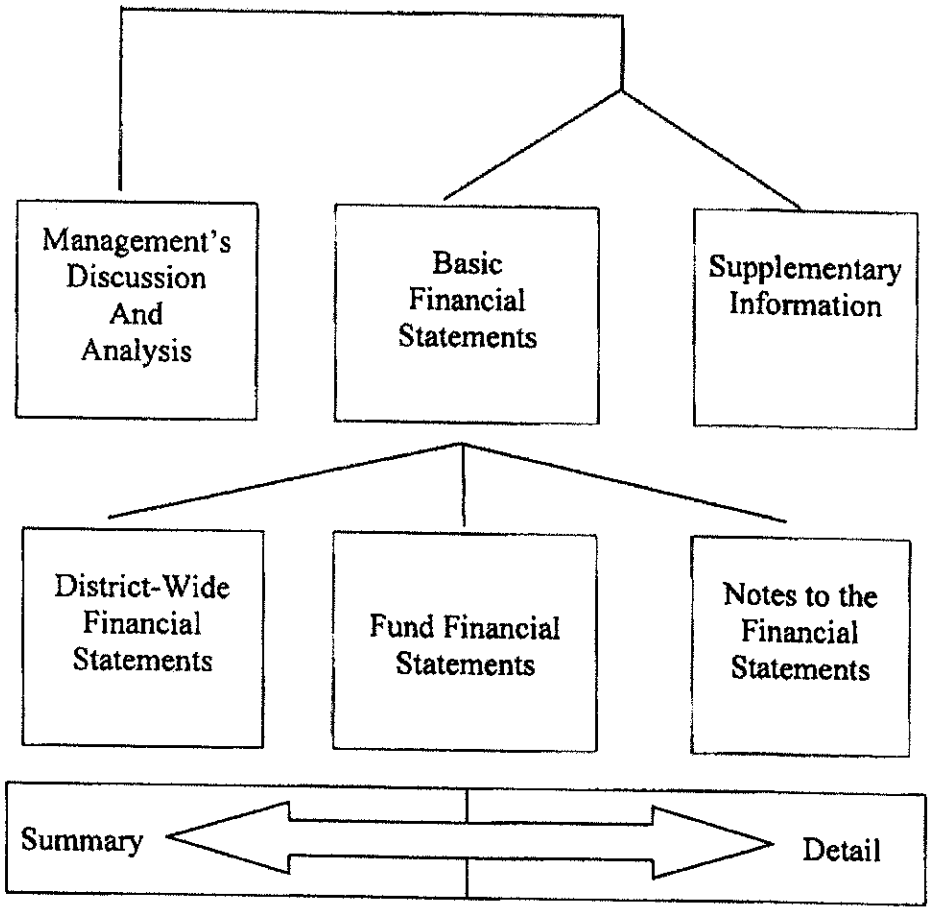
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 Financial Statements.
    - 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 Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as property taxes collected on behalf of another local government.

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 required 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 basic 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.

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	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement 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	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), 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

MIDDLE COUNTRY CENTRAL 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 it has changed. Net position, the difference between the 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;
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

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 separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund 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, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The June 30, 2020 current assets, current and other liabilities, restricted net position, unrestricted net position, and total net position (deficit) were restated as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 20 for further information. The following is a summary of these changes:

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	As Restated 2020	As Reported 2020	Increase
Current assets	$ 84,662,187	$ 82,597,219	$ 2,064,968
Current and other liabilities	18,196,894	17,264,969	931,925
Net Position			
Restricted	28,622,922	27,645,999	976,923
Unrestricted (Deficit)	(417,250,016)	(417,406,136)	156,120
Total Net Position (Deficit)	(340,593,426)	(341,726,469)	1,133,043

The District's total net deficit increased by $18,550,043 in the fiscal year ended June 30, 2021 as detailed below:

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Current assets	$ 60,728,389	$ 84,662,187	$ (23,933,798)	-28.27%
Capital assets, net	195,110,096	187,668,453	7,441,643	3.97%
Net pension asset - proportionate share	-	15,571,567	(15,571,567)	-100.00%
Total assets	255,838,485	287,902,207	(32,063,722)	-11.14%
Deferred outflows of resources	152,595,511	133,120,190	19,475,321	14.63%
Total assets and deferred outflows of resources	408,433,995	421,022,397	(12,588,402)	-2.99%
Current and other liabilities	21,280,748	18,196,894	3,083,854	16.95%
Long-term liabilities	617,438,943	635,424,015	(17,985,072)	-2.83%
Total liabilities	638,719,691	653,620,909	(14,901,218)	-2.28%
Deferred inflows of resources	128,857,773	107,994,914	20,862,859	19.32%
Total liabilities and deferred inflows of resources	767,577,464	761,615,823	5,961,641	0.78%
Net position (deficit)				
Net investment in capital assets	55,279,727	48,033,668	7,246,059	15.09%
Restricted	19,338,936	28,622,922	(9,283,986)	-32.44%
Unrestricted (deficit)	(433,762,132)	(417,250,016)	(16,512,116)	-3.96%
Total net position (deficit)	$ (359,143,469)	$ (340,593,426)	$ (18,550,043)	-5.45%

Current assets decreased $23,933,798 from 2021 to 2020 primarily due to decreases in cash, state and federal aid receivable, and due from other governments, offset by an increase in accounts receivable primarily for Suffolk County Transportation. Capital assets (net of depreciation) increased by $7,441,643 primarily due to the acquisition of assets and construction in progress with capital projects exceeding depreciation. The net pension asset – proportionate share decreased by $15,571,567, as compared to last year as a result of the actuarial valuation provided by the state resulting in a net pension liability for the current fiscal year.

Deferred outflows of resources increased by $19,475,321, and represents contributions to the retirement plans subsequent to the measurement dates and actuarial determined amounts that will be amortized in future years, relating to pensions and total other post-employment benefits obligation, as well as amortization of the deferred charges on refundings. See Note 15, 17 and 14 for further details.

Current and other liabilities increased by $3,083,854. This was primarily attributed to an increase in accounts payable, accrued liabilities, due to other governments, due to teachers' retirement system, compensated absences payable, student deposits, and interest payable. Long-term liabilities decreased by $17,985,072. This is primarily due to decreases in energy performance contract debt payable, bonds payable (inclusive of unamortized premium), termination benefits payable, compensated absences payable, and net pension liability – proportionate share – employees' retirement system (ERS), offset mainly by an increase in net pension liability – proportionate share – teachers' retirement system (TRS).

The change in deferred inflows of resources represents amortization of actuarial determined information relating to pensions and total other post-employment benefits obligation. See Note 15 and 17 for further details.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, and furniture and equipment, net of depreciation and related debt. This number increased from the prior year by $7,246,059 primarily due to an increase in capital outlays, offset by depreciation.

The restricted net position in the amount of $19,338,936 relates to the District's reserves: workers' compensation, unemployment insurance, insurance, property loss, liability, retirement contribution, and employee benefit accrued liability, as well as the amounts restricted for scholarships and donations and debt service. The decrease of $9,283,986 can be attributed to the utilization of the reserves, as well as activity for donations and debt service.

The unrestricted net deficit relates to the balance of the District's net position. The deficit of $433,762,132 increased by $16,512,116.

B) Changes in Net Position

The June 30, 2020 balances for revenues for charges for services and operating grants and contributions, and expenses for instruction were restated as a result of the implementation of GASB Statement No. 84. See Note 20 "Restatement of Fund Balances/Net Position (Deficit)" for further information. The following schedule outlines these changes:

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	As Restated 2020	As Reported 2020	Increase
Revenues			
Charges for services	$ 2,122,780	$ 1,433,709	$ 689,071
Operating grants and contributions and capital grants	15,566,847	15,563,357	3,490
Use of money and property	790,190	786,539	3,651
Expenses			
Instruction	220,111,544	219,345,623	765,921

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

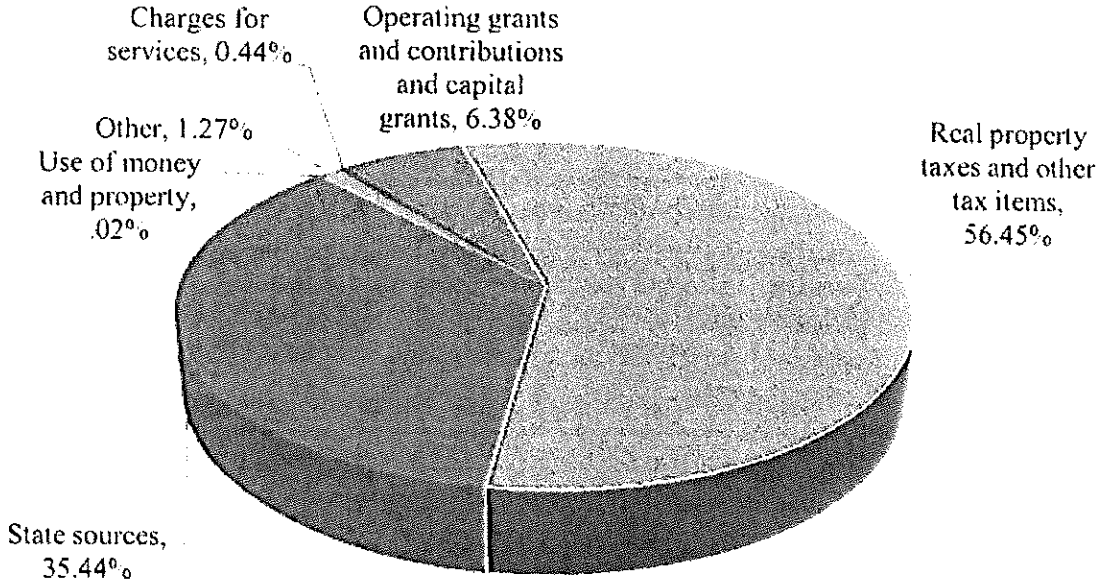
	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	$ 1,151,919	$ 2,122,780	$ (970,861)	-45.74%
Operating grants and contributions capital grants	16,722,040	15,566,847	1,155,193	7.42%
General revenues				
Real property taxes and other tax items	147,946,838	142,676,563	5,270,275	3.69%
State sources	92,861,661	93,679,573	(817,912)	-0.87%
Use of money and property	50,084	790,190	(740,106)	-93.66%
Other	3,320,157	2,145,930	1,174,227	54.72%
Total revenues	262,052,699	256,981,883	5,070,816	1.97%
Expenses				
General support	31,910,625	31,219,979	690,646	2.21%
Instruction	222,561,167	220,111,544	2,449,623	1.11%
Pupil transportation	17,214,019	18,508,244	(1,294,225)	-6.99%
Debt service - interest	5,639,656	4,546,205	1,093,451	24.05%
Food service program	3,277,274	3,540,907	(263,633)	-7.45%
Total expenses	280,602,742	277,926,879	2,675,863	0.96%
Increase (decrease) in net position	$ (18,550,043)	$ (20,944,996)	$ 2,394,953	11.43%

The District's total fiscal year 2021 revenues totaled $262,052,699. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 56.45% and 35.44%, respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions and capital grants, use of money and property, and other miscellaneous sources.

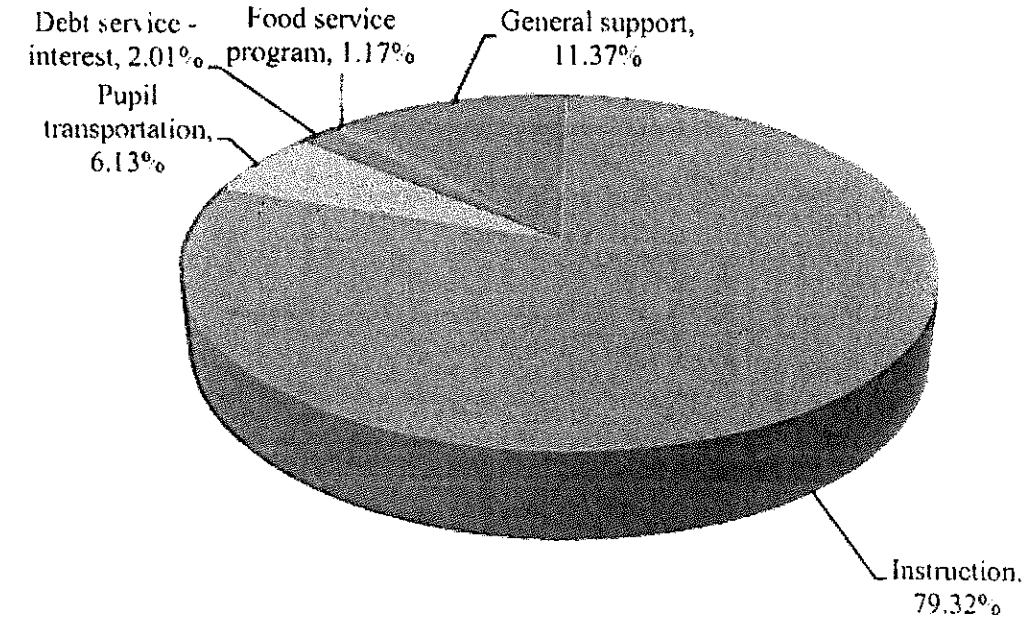
The cost of all programs and services totaled $280,602,742 for fiscal year 2021. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 85.45% of district expenses. The District's general support activities accounted for 11.37% of total costs.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenues for fiscal year 2021:



Expenses for fiscal year 2021:



MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2021, the District's governmental funds reported a combined fund balance of $40,895,566 which is a decrease of $25,287,363 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 20 for further information. A summary of the change in fund balance by fund is as follows:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	$ 1,295,434	$ 3,241,228	$ (1,945,794)	-60.03%
Restricted for unemployment insurance	152,173	160,352	(8,179)	-5.10%
Restricted for insurance	1,311,545	1,310,176	1,369	0.10%
Restricted for property loss and liability	1,259,026	1,257,712	1,314	0.10%
Restricted for retirement contribution	1,409,247	6,557,648	(5,148,401)	-78.51%
Restricted for employee benefit accrued liability	12,788,702	14,968,905	(2,180,203)	-14.56%
Assigned - designated for subsequent year's expenditures	2,400,000	2,400,000	-	0.00%
Assigned - general support	404,206	283,642	120,564	42.51%
Assigned - instruction	486,782	645,341	(158,559)	-24.57%
Assigned - transportation	11,055	13,581	(2,526)	-18.60%
Assigned - employee benefits	29,301	43,214	(13,913)	
Unassigned	8,072,430	9,346,026	(1,273,596)	-13.63%
Total fund balance - general fund	29,619,901	40,227,825	(10,607,924)	-26.37%
Special Aid Fund				
Assigned unappropriated	15,084	12,410	2,674	21.55%
Total fund balance - special aid fund	15,084	12,410	2,674	21.55%
School Lunch Fund				
Nonspendable - inventory	24,722	56,155	(31,433)	-55.98%
Assigned unappropriated	243,120	274,261	(31,141)	-11.35%
Total fund balance - school lunch fund	267,842	330,416	(62,574)	-18.94%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	967,386	976,923	(9,537)	-0.98%
Assigned unappropriated	193,446	156,120	37,326	23.91%
Total fund balance - debt service fund	1,160,832	1,133,043	27,789	2.45%
Debt Service Fund				
Restricted	155,423	149,978	5,445	3.63%
Total fund balance - debt service fund	155,423	149,978	5,445	3.63%
Capital Projects Fund				
Unspent debt proceeds	9,672,229	24,229,257	(14,557,028)	-60.08%
Unassigned	4,255	100,000	(95,745)	95.75%
Total fund balance-capital projects fund	9,676,484	24,329,257	(14,652,773)	-60.23%
Total fund balance - all funds	$ 40,895,566	$ 66,182,929	$ (25,287,363)	-38.21%

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A) **General Fund**

The decrease in the general fund balance is primarily due to expenditures and other financing uses exceeding revenues and other financing sources.

B) **School Lunch Fund**

The decrease in the fund balance of the school lunch fund is the result of an operating loss in the food service program due to expenditures in excess of revenues on the modified accrual basis of accounting.

C) **Miscellaneous Special Revenue Fund:**

The fund balance in the miscellaneous special revenue fund increased by $27,789. This increase is due to current year revenues exceeding expenditures for extraclassroom activities, offset by expenditures exceeding revenues for scholarships and donations.

D) **Debt Service Fund**

The increase in the fund balance for the debt service fund is due to interest income earned in the current year.

E) **Capital Projects Fund**

The decrease in the fund balance for the capital projects fund is primarily due to capital outlay in excess of Smart Schools Bond Act revenues.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2021 was $265,011,296. This amount was increased by encumbrances carried forward from the prior year in the amount of $985,778 which resulted in a final budget of $265,997,074. The majority of the funding was real property taxes and other tax items budget of $147,700,000.

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

The general fund's unassigned fund balance is a component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations 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:

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Opening, unassigned fund balance	$ 9,346,026
Revenues under budget	(3,531,157)
Expenditures and encumbrances under budget	7,867,860
Interest allocated to reserves	(28,497)
Unused appropriated reserves	(3,181,802)
Assigned, appropriated for June 30, 2022 budget	(2,400,000)
Closing, unassigned fund balance	$ 8,072,430

Opening, Unassigned Fund Balance

The opening unassigned fund balance of $9,346,026 represents the fund balance from June 30, 2020 that was retained.

Revenues and Other Financing Sources Over Budget

The revenues under budget of $3,531,157 were primarily related to other real property tax items, use of money and property, and state sources, offset by amounts over budget for real property taxes, charges for services, sale of property and compensation for loss, miscellaneous, federal sources, and premium on obligations. (See Supplemental Schedule # 1 for detail).

Expenditures and Other financing Uses and Encumbrances Under Budget

The expenditures and encumbrances under budget of $7,867,860 were due to all categories of expenditures coming in under budget. (See Supplemental Schedule #1 for detail).

Interest Allocated to Reserves

Interest of $28,497 was allocated to the reserves as follows: $3,385 to the workers' compensation reserve, $167 to the unemployment insurance reserve, $1,369 to the insurance reserve, $657 to the property loss reserve, $657 to the liability reserve, $6,850 to the retirement contribution reserve, and $15,412 to the employee benefit accrued liability reserve.

The District appropriated $12,490,193 of reserves for the 2020-2021 budget to reduce the tax levy. Only $9,308,391 of this amount was utilized as the expenditures for workers' compensation, retirement and benefit expenditures were under budget during the 2020-2021 year.

Assigned, Appropriated Fund Balance

The assigned, appropriated fund balance of $2,400,000 for the June 30, 2021 budget is the amount the District has chosen to partially fund its operating budget for 2021-2022.

Closing, Unassigned Fund Balance

The closing, unassigned fund balance of $8,072,430 represents the fund balance retained by the District that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2021-2022 budget. The District's unassigned fund balance is within this limit. Supplemental Schedule #5 includes the calculation for this limitation.

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, is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	$ 4,328,276	$ 4,328,276	$ -	0.00%
Construction in progress	87,542,272	70,768,597	16,773,675	23.70%
Buildings and improvements	199,504,751	199,504,751	-	0.00%
Furniture and equipment	10,801,628	10,719,456	82,172	0.77%
Land improvement	3,455,554	3,455,554	-	0.00%
Vehicles	7,724,063	8,792,624	(1,068,561)	-12.15%
Subtotal	313,356,544	297,569,258	15,787,286	5.31%
Less: accumulated depreciation	118,246,448	109,900,805	8,345,643	7.59%
Total net capital assets	$ 195,110,096	$ 187,668,453	$ 7,441,643	3.97%

The District spent $16,773,675 in the capital projects fund on construction in progress during the year. The District also spent $107,666 in the other funds on furniture, equipment and vehicles during the year. The District also had $9,439,698 in depreciation expense. See Note 8 to the financial statements for detail.

B) Debt Administration

At June 30, 2021 the District had total bonds payable of $124,255,000 for District-Wide projects. The District had energy performance contract debt payable in the amount of $23,725,712 as of June 30, 2021. More detailed information about the District's long-term debt is presented in the Note 13 to the financial statements.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	2021	2020	Increase (Decrease)
Serial bonds	$ 124,255,000	$ 136,340,000	$ (12,085,000)
Energy performance contract debt	23,725,712	25,800,230	(2,074,518)
Installment purchase debt	-	733	(733)
Total	$ 147,980,712	$ 162,140,963	$ (14,160,251)

Please refer to Note 13 for further detail on long-term debt disclosures.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A) The general fund budget for the 2021-2022 school year was approved by the voters in the amount of $269,080,958. This is an increase of $4,069,662 or 1.54 % over the previous year's budget.

B) The District issued $43,500,000 in tax anticipation notes on August 5, 2021, maturing on June 24, 2022 with an interest rate of 1.00%.

C) On August 11, 2021 an addendum was done to the energy performance contract in the amount of $ 2,391,868 at an interest rate of 1.47% and payable over 15 years. The lease purchase agreement was authorized on July 28, 2021 and is for a 4,030.40kilowatt roof mounted and carport/canopy photovoltaic electrical generation systems that interconnects with the existing electrical distribution system.

D) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

E) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Recue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. CONTACTING THE DISTRICT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office at:

Middle Country Central School District
Dr. Beth Rella
Assistant Superintendent for Business
8 43rd Street
Centereach, New York 11720
(631) 285-8020

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	$ 19,330,798
Restricted	25,504,772
Receivables	
State and federal aid	14,563,196
Due from other governments	155,492
Accounts receivable	1,149,408
Inventories	24,722
Non-current assets	
Capital assets	
Not being depreciated	91,870,548
Being depreciated, net of accumulated depreciation	103,239,548
TOTAL ASSETS	255,838,484
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	1,299,492
Pensions	72,528,384
Total other post-employment benefits	78,767,635
TOTAL DEFERRED OUTFLOWS OF RESOURCES	152,595,511
LIABILITIES	
Payables	
Accounts payable	1,316,613
Accrued liabilities	3,138,763
Due to other governments	84,300
Due to teachers' retirement system	10,960,991
Due to employees' retirement system	1,114,280
Compensated absences payable	1,600,907
Student deposits	165,709
Interest payable	2,720,735
Unearned credits	
Collections in advance	178,450
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	12,755,469
Energy performance contract debt payable	2,117,680
Workers' compensaion claims payable	1,200,000
Termination benefits payable	150,000
Compensated absences payable	1,250,000
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	114,320,909
Energy performance contract debt payable	21,608,032
Workers' compensaion claims payable	2,873,381
Termination benefits payable	9,700,000
Compensated absences payable	19,501,508
Total other post-employment benefits obligation	415,227,364
Net pension liability - proportionate share - teachers' retirement system (TRS)	16,665,690
Net pension liability - proportionate share - employees' retirement system (ERS)	68,910
TOTAL LIABILITIES	638,719,691
DEFERRED INFLOWS OF RESOURCES	
Pensions	29,852,361
Total other post-employment benefits	99,005,412
TOTAL DEFERRED INFLOWS OF RESOURCES	128,857,773
NET POSITION (DEFICIT)	
Net investment in capital assets	55,229,727
Restricted	
Workers' compensation	1,295,434
Unemployment insurance	152,173
Insurance	1,311,545
Property loss	629,513
Liability	629,513
Retirement contribution	1,409,247
Employee benefit accrued liability	12,788,702
Scholarships and donations	967,386
Debt service	155,423
	19,338,936
Unrestricted (Deficit)	(433,712,132)
TOTAL NET POSITION (DEFICIT)	$ (359,143,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FUNCTIONS / PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
General support	$ (31,910,625)	$ -	$ 9,875	$ -	$ (31,900,750)
Instruction	(222,561,167)	1,022,109	11,174,094	2,210,501	(208,154,463)
Pupil transportation	(17,214,019)		280,537		(16,933,482)
Debt service - interest	(5,639,656)				(5,639,656)
Food service program	(3,277,274)	129,810	3,047,033		(100,431)
TOTAL FUNCTIONS AND PROGRAMS	$ (280,602,742)	$ 1,151,919	$ 14,511,539	$ 2,210,501	(262,728,783)
GENERAL REVENUES					
Real property taxes					132,036,464
Other tax items - including STAR reimbursement					15,910,374
Use of money and property					50,084
Sale of property & compensation for loss					163,544
Miscellaneous					2,905,894
State sources					92,861,661
Medicaid reimbursement					250,719
TOTAL GENERAL REVENUES					244,178,740
CHANGE IN NET POSITION					(18,550,043)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)					(340,593,426)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					$ (359,143,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 19,106,578	$ 14,316	$ 16,458	$ 193,446	$ -	$ -	$ 19,330,798
Restricted	18,216,127			967,386	155,017	6,166,242	25,504,772
Receivables							
State and federal aid	5,444,501	6,104,131	804,061			2,210,503	14,563,196
Due from other governments	155,108		384				155,492
Due from other funds	4,760,514				406	1,459,101	6,220,021
Accounts receivable	1,149,408						1,149,408
Inventories			24,722				24,722
TOTAL ASSETS	$ 48,832,236	$ 6,118,447	$ 845,625	$ 1,160,832	$ 155,423	$ 9,835,846	$ 66,948,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Payables							
Accounts payable	$ 814,283	$ 1,147	$ 341,821	$ -	$ -	$ 159,362	$ 1,316,613
Accrued liabilities	3,108,132	29,095	1,536				3,138,763
Due to other governments	84,184		116				84,300
Due to other funds		6,073,121	146,900				6,220,021
Due to teachers' retirement system	10,960,991						10,960,991
Due to employees' retirement system	1,114,280						1,114,280
Compensated absences	1,600,907						1,600,907
Student deposits	165,709						165,709
Unearned credits							
Collections in advance	91,040		87,410				178,450
TOTAL LIABILITIES	17,939,526	6,103,363	577,783	-	-	159,362	24,780,034
DEFERRED INFLOWS OF RESOURCES							
State aid	1,272,809						1,272,809
FUND BALANCES							
Nonspendable inventory			24,722				24,722
Restricted							
Workers' compensation	1,295,434						1,295,434
Unemployment insurance	152,173						152,173
Insurance	1,311,545						1,311,545
Property loss	629,513						629,513
Liability	629,513						629,513
Retirement contribution	1,409,247						1,409,247
Employee benefit accrued liability	12,788,702						12,788,702
Scholarships and donations				967,386			967,386
Debt service					155,423		155,423
Unspent debt proceeds						9,622,229	9,622,229
Assigned							
Appropriated fund balance	2,400,000						2,400,000
Unappropriated fund balance	931,344	15,084	243,120	193,446		54,255	1,437,249
Unassigned	8,072,430						8,072,430
TOTAL FUND BALANCES	29,619,901	15,084	267,842	1,160,832	155,423	9,676,484	40,895,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 48,832,236	$ 6,118,447	$ 845,625	$ 1,160,832	$ 155,423	$ 9,835,846	$ 66,948,409

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021

Total Governmental Fund Balances		$ 40,895,566
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. However, 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	$ 313,356,544	
Accumulated depreciation	(118,246,448)	195,110,096
Deferred inflows of resources - the Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. These amounts will be amortized in future years.		
Deferred inflows of resources related to pensions	$ (29,852,361)	
Deferred inflows of resources related to total other post-employment benefits obligation	(99,005,412)	(128,857,773)
Deferred outflows of resources - deferred charges on refundings - The Statement of Net Position will amortize the deferred charges received over the life of the bond. Governmental funds record the deferred charges in the year of issue. The balance on the deferred charges at June 30, 2021 was:		1,299,492
Deferred inflows of resources - state aid - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual.		1,272,809
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 that will be recognized as expenditures in future periods amounted to:		
Deferred outflows of resources related to pensions	$ 72,528,384	
Deferred outflows of resources related to total other post-employment benefits obligation	78,767,635	151,296,019
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of:		(2,720,735)
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:		
Energy performance contract debt payable	$ (23,725,712)	
Bonds payable (inclusive of unamortized premiums)	(127,076,378)	
Workers' compensation claims payable	(4,073,381)	
Termination benefits payable	(9,850,000)	
Compensated absences payable	(20,751,508)	
Total other post-employment benefits obligation	(415,227,364)	
Net pension liability-proportionate share (TRS)	(16,665,690)	
Net pension liability-proportionate share (ERS)	(68,910)	(617,438,943)
Total Net Position (Deficit)		$ (359,143,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	$ 132,036,464	$ -	$ -	$ -	$ -	$ -	$132,036,464
Other tax items - including STAR reimbursement	15,910,374						15,910,374
Charges for services	573,776			448,333			1,022,109
Use of money and property	44,288		13	338	5,445		50,084
Sale of property and compensation for loss	163,544						163,544
Miscellaneous	2,398,873	17,561		1,300			2,417,734
State sources	93,670,909	6,028,834	66,385			2,210,501	101,976,629
Federal sources	1,302,258	4,382,833	2,755,531				8,440,622
Surplus food			225,117				225,117
School lunch sales			129,810				129,810
TOTAL REVENUES	246,100,486	10,429,228	3,176,856	449,971	5,445	2,210,501	262,372,487
EXPENDITURES							
General support	24,686,270						24,686,270
Instruction	135,103,424	10,554,757		422,182			146,080,363
Pupil transportation	15,179,207	280,537					15,459,744
Employee benefits	62,740,775						62,740,775
Debt service principal	14,159,518						14,159,518
Debt service interest	4,919,806						4,919,806
Cost of sales			3,239,560				3,239,560
Capital outlay						16,863,274	16,863,274
TOTAL EXPENDITURES	256,789,000	10,835,294	3,239,560	422,182	-	16,863,274	288,149,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,688,514)	(406,066)	(62,704)	27,789	5,445	(14,652,773)	(25,776,823)
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	489,460						489,460
Operating transfers in		408,740	130				408,870
Operating transfers (out)	(408,870)						(408,870)
TOTAL OTHER FINANCING SOURCES AND (	80,590	408,740	130	-	-	-	489,460
NET CHANGE IN FUND BALANCES	(10,607,924)	2,674	(62,574)	27,789	5,445	(14,652,773)	(25,287,363)
FUND BALANCES - BEGINNING OF YEAR AS RESTATED (SEE NOTE 20)	40,227,825	12,410	330,416	1,133,043	149,978	24,329,257	66,182,929
FUND BALANCES - END OF YEAR	$ 29,619,901	$ 15,084	$ 267,842	$ 1,160,832	$ 155,423	$ 9,676,484	$ 40,895,566

See Accompanying Notes to Financial Statements

Exhibit 7

MIDDLE COUNTRY CENTRAL 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		$ (25,287,363)
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 method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2021 is		(809,247)
In the Statement of Activities certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.		
Increase in workers' compensation claims payable		(514,386)
Derease in termination benefits payable		460,000
Decrease in compensated absences payable		1,274,525
Changes in the proportionate share of net pension asset/liability and the total other post-employment benefits obligation and the related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	$ (11,873,463)	
Employees' retirement system	1,461,737	
Total other post-employment benefits obligation	(4,143,890)	(14,555,616)
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	$ 16,881,341	
Depreciation expense	(9,439,698)	7,441,643
Long-Term Debt Differences		
Interest on long-term debt in the Statement of Activities is different from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities interest expense is recognized as it accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by:		(921,043)
Governmental funds reports the premiums, discounts and similar items when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Amortization on the 2019 bond premium	$ 42,669	
Amortization on the 2013 and 2016 bond refunding premiums	397,800	
Amortization on the 2013 and 2016 deferred charges on refundings	(239,276)	201,193
Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,074,518
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		12,085,000
Repayment of installment purchase debt principal is an expenditure in the governmental fund, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		733
Change in Net Position		$ (18,550,043)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2021

	Custodial
ASSETS	
Restricted cash and cash equivalents	$ -
TOTAL ASSETS	$ -
LIABILITIES	
Other liabilities	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	$ -

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Custodial
ADDITIONS	
Library real property taxes collected	$ 14,898,017
TOTAL ADDITIONS	14,898,017
DEDUCTIONS	
Library real property taxes disbursed	14,898,017
TOTAL DEDUCTIONS	-
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION- END OF YEAR	$ -

See Accompanying Notes to Financial Statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Middle Country Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) prescribes those principles, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended 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 Eastern Suffolk Board of Cooperative Educational Services (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)). 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 composed of separate budgets for administrative, program and capital costs. Each component district's share of administrative, program, and capital cost 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 and contributions, 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, including fiduciary 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.

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 extra classroom activities.

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.

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

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 which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

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 real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from 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 one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, termination benefits, compensated absences, net pension liabilities, and total other post-employment benefits obligations which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in 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 Brookhaven (the "Town") along with the respective Town and Suffolk County (the "County") levies. 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 Suffolk in which the District is located. 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 flow. 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 Statements, eliminations have been made for all interfund receivables and payables between the funds.

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

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 and deferred outflows, liabilities, and deferred inflows, disclosure of contingent items, and the reported 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, termination benefits, total other post-employment benefits, workers' compensation claims, net pension liabilities, potential contingent liabilities and useful lives of capital assets.

I) Cash and cash equivalents:

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 the 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) Prepaid items and inventories:

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to prepay workers' compensation expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. 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.

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 donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market.

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

A reserve for these non-liquid assets (inventory) 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.

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.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	$ 15,000	Straight-line	50 years
Furniture & equipment	$ 5,000	Straight-line	5-20 years
Land improvements	$ 15,000	Straight-line	20 years
Vehicles	$ 5,000	Straight-line	8 years

M) **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 both 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 consisted of amounts received in advance for flexible spending plan payments in the general fund and meals that have not yet been purchased in the school lunch fund.

N) **Deferred inflows and outflows of resources:**

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 reported deferred inflows of resources related to pensions and the total other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 15 and 17 respectively.

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. These amounts are related to deferred charges on

refundings, pensions and the total other post-employment benefits liability which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14, 15 and 17.

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. In subsequent periods, when the availability criterion is met, deferred inflows of resources 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. In the Governmental Funds Balance Sheet, the general fund reported $1,272,809 in other state aid that will be paid to the District when funds become available at the state level.

O) **Vested employee benefits:**

Compensated absences:

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

The 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/termination 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 only the amount of matured liabilities for those employees that have obligated themselves to separate from service with the District by June 30 is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Termination benefits:

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

In the Fund Financial Statements only the amount of matured liabilities for those employees who have obligated themselves to separate from service with the District by June 30 is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

P) **Other benefits:**

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 Sections 403(b).

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 provision 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 payments). In the District-Wide Financial Statements, the cost of post-employment insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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 of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. See Note 12 for more information on short-term debt.

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, termination benefits, compensated absences, net pension liability, and total other post-employment benefits obligation 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 on 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 unexpended proceeds and including any unamortized items (discounts, premiums, deferred charges on refundings).

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 does 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:

Non-spendable 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 has $24,722 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:

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

Unemployment Insurance Reserve:

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

Insurance Reserve:

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

Property Loss Reserve and Liability Reserve:

Property loss reserve and liability reserve (Education Law §1709(8)(c)) must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not exceed in total 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.

Retirement Contribution Reserve:

Retirement Contribution Reserve (GML§6-r), 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 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.

Employee Benefit Accrued Liability Reserve:

Employee benefit accrued liability reserve (GML §6-p), 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 under restricted fund balance.

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 in the special revenue fund.

Debt Service:

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent debt proceeds:

Unspent long-term bond and energy performance 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.

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). The District has no committed fund balances as of June 30, 2021.

Assigned fund balance – includes amounts that are constrained by the District's 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. The District has established a Fund Balance policy that allows the Board of Education to set forth the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for 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. Non-spendable 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 general fund unassigned fund balance is within the legal limit.

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified

as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

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 accounting pronouncements:**

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.

These are the statements 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 each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial 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 results from additional long-term economic focus of the Statement of Net 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 Statement of Activities fall into one of 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.

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 Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial 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.

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 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. There were no supplemental appropriations for the fiscal year ending June 30, 2021.

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 assigned 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 as follows:

A) Uncollateralized;
B) Collateralized with securities held by the pledging financial institution; or
C) Collateralized with securities held by the pledging financial institution's trust department or custodian, 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 and cash equivalents 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 and cash equivalents at June 30, 2021 included $25,504,772 within the governmental funds for general reserves, and amounts restricted for scholarships and donations purposes, debt service and capital projects.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed $13,124,471 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,576,103. 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 RECEIVABLE:

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

General fund		
General aid	$	1,577,214
Excess cost aid		2,510,014
BOCES aid		1,159,246
CARES Act		104,167
Medicaid reimbursement		93,860
Total		5,444,501
Special aid fund		
State and federal grants		6,104,131
Total		6,104,131
School lunch fund		
Lunch - federal aid		551,864
Lunch - state aid		13,851
Breakfast - federal aid		225,060
Breakfast - state aid		13,286
Total		804,061
Capital projects fund		
Smart Schools Bond Act funds		2,210,503
Total		2,210,503
Total - All funds	$	14,563,196

The general fund general aid includes $1,272,809 of unavailable state revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General Fund	
Tuition and health services billings	$ 155,108
School Lunch fund	
Middle Country Extraclassroom for sales and use tax paid	384
Total Due From Other Governments	$ 155,492

District management has deemed these amounts to be fully collectible.

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 that are not depreciated:				
Land	$ 4,328,276	$ -	$ -	$ 4,328,276
Construction in progress	70,768,597	16,773,675		87,542,272
Total capital assets that are not depreciated	75,096,873	16,773,675	-	91,870,548
Capital assets that are depreciated:				
Building and improvements	199,504,751			199,504,751
Furniture and equipment	10,719,456	82,172		10,801,628
Land improvement	3,455,554			3,455,554
Vehicles	8,792,624	25,494	(1,094,055)	7,724,063
Total capital assets that are depreciated	222,472,385	107,666	(1,094,055)	221,485,996
Less accumulated depreciation:				
Building and improvements	92,930,189	8,280,028		101,210,217
Furniture and equipment	7,973,628	582,773		8,556,401
Land improvement	3,196,584	89,528		3,286,112
Vehicles	5,800,404	487,369	(1,094,055)	5,193,718
Total accumulated depreciation	109,900,805	9,439,698	(1,094,055)	118,246,448
Total capital assets being depreciated, net	112,571,580	(9,332,032)	-	103,239,548
Total capital assets, net	$ 187,668,453	$ 7,441,643	$ -	$ 195,110,096

Depreciation expense was charged to governmental functions as follows:

General support	$ 564,598
Instruction	8,340,491
Transportation	481,233
Food service program	53,376
Total	$ 9,439,698

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	$ 4,760,514	$ -	$ -	$ 408,870
Special aid fund		6,073,121	408,740	
School lunch fund		146,900	130	
Debt service fund	406			
Capital projects fund	1,459,101			
Totals	$ 6,220,021	$ 6,220,021	$ 408,870	$ 408,870

The District typically transfers from the general fund to the special aid fund to fund the District's share of the summer programs for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover the negative balances on students who owe money to the District for meals.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

NOTE 10 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2021 consisted of:

General fund	
Flexible spending plan payments	$ 91,040
School lunch fund	
Prepaid meals	87,410
Total	$ 178,450

NOTE 11 – DUE TO OTHER GOVERNMENTS:

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

General fund	
Overpayment of state aid	$ 4,369
Tuition and health services	79,815
	84,184
School lunch fund	
Sales tax payable	116
Total Due to Other Governments	$ 84,300

NOTE 12 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2021	1.7000%	$ -	$ 43,500,000	$ 43,500,000	$ -
Total			$ -	$ 43,500,000	$ 43,500,000	$ -

The TAN was issued to finance general fund operations. Interest on short-term debt for the year was $659,387.

NOTE 13 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021	Due Within One Year
Bonds payable					
Construction serial bonds	$ 136,340,000	$ -	$ 12,085,000	$ 124,255,000	$ 12,315,000
Plus: unamortized premiums on bonds	3,261,847		440,469	2,821,378	440,469
	139,601,847	-	12,525,469	127,076,378	12,755,469
Other long-term liabilities:					
Installment purchase debt payable	733		733	-	
Energy performance contract debt payable	25,800,230		2,074,518	23,725,712	2,117,680
Workers' compensation claims payable	3,558,995	2,208,757	1,694,371	4,073,381	1,200,000
Termination benefits payable	10,310,000		460,000	9,850,000	150,000
Compensated absences payable	22,026,033		1,274,525	20,751,508	1,250,000
Total other post-employment benefits obligation	415,195,097	4,176,157	4,143,890	415,227,364	
Net pension liability-proportionate share-TRS	-	27,023,748	10,358,058	16,665,690	
Net pension liability-proportionate share-ERS	18,931,080		18,862,170	68,910	
Total long-term liabilities	$ 635,424,015	$ 33,408,662	$ 51,393,734	$ 617,438,943	$ 17,473,149

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

A) Bonds Payable

Bonds payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Construction serial bond	4/21/2016	7/15/2028	1.00-5.00%	$ 5,705,000
Construction serial bond	3/20/2013	6/30/2027	2.00-4.00%	15,550,000
Construction serial bond	8/24/2016	8/15/2033	2.00%	25,400,000
Construction serial bond	8/15/2017	8/15/2033	2.00-3.00%	38,000,000
Construction serial bond	1/23/2019	1/15/2034	3.00%	23,575,000
Construction serial bond	9/4/2019	9/1/1934	1.50-2.00%	16,025,000
				$ 124,255,000

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	$ 12,315,000	$ 3,160,412	$ 15,475,412
2023	12,500,000	2,831,250	15,331,250
2024	12,765,000	2,489,775	15,254,775
2025	12,120,000	2,145,575	14,265,575
2026	10,970,000	1,830,400	12,800,400
2027-2031	44,035,000	5,262,563	49,297,563
2032-2035	19,550,000	727,000	20,277,000
	$ 124,255,000	$ 18,446,975	$ 142,701,975

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.

B) Energy Performance Contract Debt Payable

Energy performance contract debt payable are composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy Performance Contract Debt	8/5/2011	10/15/2026	3.39%	$ 6,065,924
Energy Performance Contract Debt	2/12/2020	2/1/2035	2.11%	17,659,788
				$ 23,725,712

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	$ 2,117,680	$ 564,102	$ 2,681,782
2023	2,175,861	505,922	2,681,783
2024	2,235,729	446,053	2,681,782
2025	2,297,336	384,446	2,681,782
2026	2,360,734	321,048	2,681,782
2027-2031	6,952,609	974,403	7,927,012
2032-2035	5,585,763	268,564	5,854,327
	$ 23,725,712	$ 3,464,538	$ 27,190,250

C) **Long-Term Interest**

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

	Total
Interest paid	$ 4,260,419
Less interest accrued in the prior year	(1,799,692)
Plus interest accrued in the current year	2,720,735
Plus amortization of the deferred charges	239,276
Less amortization of bond premiums	(440,469)
Total expense	$ 4,980,269

D) **Premiums on Bonds:**

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to $2,821,378 at June 30, 2021. This represents premiums received on the January 2019 bond issuance, and on the 2013 and 2016 bond refundings. These premiums are being amortized using the straight-line method over the life of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES –DEFERRED CHARGES ON REFUNDINGS:

Deferred changes on refunding result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred charges pertaining to the 2013 and 2016 bond refundings recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2021 consisted of the following:

2013 Bond refunding	
Initial deferred charges on refunding	$ 2,697,877
Amortization to date	(1,667,321)
Total deferred charges -2013, net of amortization	1,030,556
2016 Bond refunding	
Initial deferred charges on refunding	467,853
Amortization to date	(198,917)
Total deferred charges -2016, net of amortization	268,936
Total deferred charges, net of amortization	$ 1,299,492

The deferred charges are being amortized, as a component of interest expense on the District-Wide Financial Statements using the straight-line method over 15 years and 14 years for the 2013 and 2016 bond refunding, respectively, the time to maturity of the refunded bonds, at the point of refunding.

NOTE 15 – 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 Yor (RSSL). 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. 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. The District also participates in the Public Employees' Group Life Insurance Plan 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. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

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 rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 21.4% for Tier 1, 19.6% for Tier 2, 16.1% for Tiers 3 &4, 13.4% for Tier 5, and 9.6% 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.

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	$ 3,304,180	$ 10,358,058
2020	$ 3,342,737	$ 9,051,162
2019	$ 3,169,360	$ 10,621,153

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, with update procedures used to roll forward the total pension liability. 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)	$ (68,910)	$ (16,665,690)
District's portion of the Plan's total net pension liability	0.0692047%	0.603115%
Change in proportion since prior measurement date	(0.0022857)	0.0037490

For the fiscal year ended June 30, 2021, the District recognized pension expense of $1,842,590 for ERS and a pension expense of $22,255,348 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:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 841,576	$ 14,602,479	$ -	$ 854,085
Net difference between projected and actual earnings on pension plan investments		10,884,156	19,794,974	
Changes of assumptions	12,670,303	21,078,218	238,966	7,513,284
Changes in proportion and differences between the District's contributions and proportionate share of contributions	845,030	134,284	311,235	1,139,817
District's contributions subsequent to the measurement date	1,114,280	10,358,058		
	$ 15,471,189	$ 57,057,195	$ 20,345,175	$ 9,507,186

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
Fiscal year ended:		
2021	$ -	$ 6,309,668
2022	(969,860)	12,923,026
2023	(255,087)	10,582,079
2024	(990,945)	6,475,128
2025	(3,772,374)	171,909
Thereafter	-	730,141
	$ (5,988,266)	$ 37,191,951

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:

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, 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:

Measurement Date	ERS March 31, 2021		TRS June 30, 2020	
Asset type	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
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%
Absolute return strategies				
Opportunistic/ARS portfolio	3%	4.50%		
Real assets	3%	5.95%		
Credit	4%	3.63%		
Cash	1%	0.50%		
Inflation-indexed bonds				
Domestic fixed income secur	23%		16%	1.8%
Global bonds			2%	1.0%
High-yield bonds			1%	3.9%
Private debt			1%	5.2%
Real estate debt			7%	3.6%
Short-term			1%	0.7%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.0% for ERS, and 2.2% 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 using a discount rate that is 1-percentage-point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage-point 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)	$ (19,126,715)	$ (68,910)	$ 17,506,847

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset/(liability)	$ (105,271,418)	$ (16,665,690)	$ 57,696,971

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands) ERS	TRS
Valuation 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 asset/(liability)	$ (99,574)	$ (2,763,271)
Ratio of plan net position to the Employers' total pension asset/(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 $1,114,280.

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 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 $10,960,991.

NOTE 16 – 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 year ended June 30, 2021 totaled $2,195,616 and $5,649,502 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled $323,011.

NOTE 17 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

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 (NYSHIP), and all active employees and retirees are covered by either the Empire Plan or Emblem HMO. A small number of retirees also receive dental and life insurance benefits. 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.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 100% of premiums for retirees, between 35% and 90% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. 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 $12,501,298 to the Plan, including $12,501,298 for 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.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	1,103
Inactive employees entitled to but not yet receiving benefit payments	7
Active employees	1,231
	2,341

B) **Total OPEB Liability:**

The District's total OPEB liability of $415,227,364 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount rate	2.19%
Healthcare cost trend rates	7.50% decreasing to 4.5% by 2028
Retirees' share of benefit-related costs	0% to 50% of projected health insurance premiums for retirees, 10% to 65% for family coverage, and 100% for surviving spouse

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for general employees, SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully general using Scale MP-2019 for teacher employees and retirees, and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Some assumptions used in this valuation are based on NYSTRS and NYSERS valuation assumptions and as they are updated, those updates will be reflected in this valuation as well.

C) **Changes in the Total OPEB Liability:**

Balance at June 30, 2020	$ 415,195,097
Changes for the fiscal year:	
Service cost	12,755,531
Interest	11,218,311
Changes of benefit terms	
Differences between expected and actual experience	(40,298,400)
Changes in assumptions or other inputs	28,858,123
Benefit payments	(12,501,298)
Net changes	32,267
Balance at June 30, 2021	$ 415,227,364

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs include a decrease in the discount rate from 2.66% at the June 30, 2020 measurement date to 2.19% at the June 30, 2021 measurement date, as well as a change to the healthcare trend rates to an annual trend of 7.5% instead of 8%.

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 (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	$ 476,427,090	$ 415,227,364	$ 347,881,110

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability	$ 337,714,095	$ 415,227,364	$ 492,615,205

D) **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 $16,645,188. At June 30, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (99,005,412)
Changes of assumptions or other inputs	78,767,635	
	$ 78,767,635	$ (99,005,412)

Amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal Year ended June 30:	
2022	$ (7,328,654)
2023	(7,328,654)
2024	(7,328,658)
2025	3,654,901
2026	(1,906,712)
	$ (20,237,777)

NOTE 18 – TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain administrators and teachers through their employment contracts and to unaffiliated staff through a Board of Education policy. In general, for teachers and certain administrators, a retirement incentive of $15,000 is available to those who have been in the employ of the District for at least ten years and who retire on the July 1 following his/her 55th birthday. For other administrators, a retirement incentive of $15,000 is available to those who retire from the District and the New York State Teachers Retirement System and who have been in the employ of the District in the capacity as an administrator for at least five years. Unaffiliated staff employed by the District for at least five years are entitled to a $10,000 retirement incentive. The current value of incentive payments earned for approximately 664 employees is $9,850,000 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 19 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B) Risk Retention:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2021. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool. As of June 30, 2021, the District has reserves for property loss and liability totaling $1,259,026.

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. Liabilities do not include an amount for unpaid claims which were incurred on or before year but not reported (IBNR). As of June 30, 2021, the District has recorded potential workers' compensation claims payable of $4,073,381 and has a workers' compensation reserve balance of $1,295,434.

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

	2021	2020
Unpaid claims at beginning of year	$ 3,558,995	$ 3,718,556
Incurred claims and claim adjustment expenses	2,208,757	1,432,971
Claims payments	(1,694,371)	(1,592,532)
Unpaid claims at year end	$ 4,073,381	$ 3,558,995

NOTE 20 – RESTATEMENT OF FUND BALANCES / NET POSITION (DEFICIT)

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

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position/(Deficit)
Fund Balance/Net Position (Deficit) Beginning of Year, as Reported	$ 40,227,825	$ -	$ (341,726,469)
Assets			
Cash	1,701,577	156,120	1,857,697
Cash - restricted		976,923	976,923
Due from fiduciary fund	(784,838)		(784,838)
Other assets	15,186		15,186
Total Assets	931,925	1,133,043	2,064,968
Liabilities			
Current and other liabilities	931,925		931,925
Total Liabilities	931,925	-	931,925
Fund Balance/Net Position (Deficit)			
Restricted for scholarships and donations		976,923	976,923
Assigned unappropriated fund balance		156,120	156,120
Total Fund Balance	-	1,133,043	1,133,043
Net increase (decrease) in Fund Balance/ Net Position	-	1,133,043	1,133,043
Fund Balance/Net Position (Deficit) Beginning of Year, as Restated	$ 40,227,825	$ 1,133,043	$ (340,593,426)

NOTE 21 - TAX ABATEMENTS:

The Town of Brookhaven 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 892, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by $1,173,852 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling $246,392 for these programs during the fiscal year.

NOTE 22 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

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

General fund	
General support	$ 404,206
Instructional	486,782
Transportation	11,055
Employee benefits	29,301
	$ 931,344
Special aid fund	
Instructional	$ 143,962
School lunch fund	
Food service program	$ 7,451
Capital projects fund	
Capital projects	$ 2,397,262

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) **Litigation:**

As of June 30, 2021, the District is involved in litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

NOTE 23 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 14, 2021 which is the date the financial statements were available to be issued, and noted the following:

- On August 11, 2021 an addendum was done to the energy performance contract in the amount of $2,391,840 at an interest rate of 1.47% and payable over 15 years. The lease purchase agreement was authorized on July 28, 2021 and is for a 4,030.40kilowatt roof mounted and carport/canopy photovoltaic electrical generation systems that interconnects with the existing electrical distribution system.

- The District issued $43,500,000 in tax anticipation notes on August 5, 2021, maturing on June 24, 2022 with an interest rate of 1.00%.

- In July 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations (CRSSA) funding of $917,774 through 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 expended.

SUPPLEMENTARY INFORMATION

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	$ 131,007,497	$ 131,007,497	$ 132,036,464	$ 1,028,967
Other real property tax items	16,692,503	16,692,503	15,910,374	(782,129)
Charges for services	250,000	250,000	573,776	323,776
Use of money & property	1,150,000	1,150,000	44,288	(1,105,712)
Sale of property & compensation for loss	75,000	75,000	163,544	88,544
Miscellaneous	1,667,000	1,667,000	2,398,873	731,873
State sources				
Basic formula	82,383,616	65,540,077	59,037,382	(6,502,695)
Excess cost aid		16,843,539	16,293,547	(549,992)
Lottery aid	12,998,416	12,998,416	13,833,334	834,918
BOCES aid	2,792,318	2,792,318	2,576,103	(216,215)
Tuition aid			177,857	177,857
Textbook aid	568,229	568,229	554,424	(13,805)
Computer software aid	264,863	264,863	281,250	16,387
Library A/V loan program aid	56,661	56,661	49,042	(7,619)
Other state aid			867,970	867,970
Federal sources	215,000	215,000	1,302,258	1,087,258
TOTAL REVENUES	250,121,103	250,121,103	246,100,486	(4,020,617)
Other financing sources				
Premium on Obligations -TAN			489,460	489,460
TOTAL REVENUE AND OTHER FINANCING SOURCES	250,121,103	250,121,103	246,589,946	$ (3,531,157)
Appropriated fund balance	2,400,000	2,400,000		
Appropriated reserves	13,475,971	13,475,971		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE AND RESERVES	$ 265,997,074	$ 265,997,074		

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.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
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	$ 126,980	$ 149,280	$ 128,525	$ -	$ 20,755
Central administration	469,255	550,755	540,062		10,693
Finance	1,876,856	2,060,556	1,823,124	27,390	210,042
Staff	2,583,319	2,561,669	1,740,986	37,106	783,577
Central services	17,687,579	19,479,933	17,940,560	339,710	1,199,663
Special items	2,541,513	2,570,206	2,513,013		57,193
Total general support	25,285,502	27,372,399	24,686,270	404,206	2,281,923
Instructional					
Instruction, adm. & imp.	7,586,982	7,667,104	7,341,778	182	325,144
Teaching - regular school	78,305,526	78,520,626	77,599,621	58,152	862,853
Programs for children with handicapping conditions	35,335,166	35,277,085	33,468,275	385,654	1,423,156
Occupational education	4,306,969	4,087,269	3,990,006	120	97,143
Teaching special schools	506,017	509,917	491,700		18,217
Instructional media	3,621,751	3,715,684	3,465,702	8,304	241,678
Pupil services	8,808,763	9,122,652	8,746,342	34,370	341,940
Total instructional	138,471,174	138,900,337	135,103,424	486,782	3,310,131
Pupil transportation	14,651,895	15,948,351	15,179,207	11,055	758,089
Employee benefits	67,545,919	64,126,469	62,740,775	29,301	1,356,393
Debt service					
Debt service principal	14,159,518	14,159,518	14,159,518		-
Debt service interest	5,415,419	5,022,353	4,919,806		102,547
Total debt service	19,574,937	19,181,871	19,079,324	-	102,547
TOTAL EXPENDITURES	265,529,427	265,529,427	256,789,000	931,344	7,809,083
Other financing uses					
Transfers to other funds	467,647	467,647	408,870		58,777
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 265,997,074	$ 265,997,074	257,197,870	$ 931,344	$ 7,867,860
NET CHANGE IN FUND BALANCE			(10,607,924)		
FUND BALANCE - BEGINNING OF YEAR			40,227,825		
FUND BALANCE - END OF YEAR			$ 29,619,901		

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.

See Paragraph on Required Supplementary Information Included in Auditor's Report

MIDDLE COUNTRY CENTRAL 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, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 12,755,531	$ 11,348,199	$ 11,463,774	$ 14,477,166
Interest	11,218,311	13,148,634	15,317,410	14,943,506
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(40,298,400)	(30,928,103)	(54,564,408)	(40,885,768)
Changes of assumptions or other inputs	28,858,123	64,297,792	18,821,760	5,700,629
Benefit payments	(12,501,298)	(11,755,003)	(12,461,546)	(13,220,032)
Net change in total OPEB liability	32,267	46,111,519	(21,423,010)	(18,984,499)
Total OPEB liability - beginning	415,195,097	369,083,578	390,506,588	409,491,087
Total OPEB liability - ending	$ 415,227,364	$ 415,195,097	$ 369,083,578	$ 390,506,588
Covered-employee payroll	$ 136,153,499	$ 121,730,117	$ 122,363,908	$ 118,447,436
Total OPEB liability as a percentage of covered-employee payroll	304.97%	341.08%	301.63%	329.69%

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
Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period The following are the discount rates used in each period:

2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%

For 2021, changes of assumptions also includes a change to the healthcare trend rates to an annual trend of 7.5% instead of 8.0%.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) / ASSET
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 (liability)	0.0692047%	0.0714904%	0.0743137%	0.0727740%	0.0723576%	0.0724680%	0.0702476%	0.0702476%
District's proportionate share of the net pension (liability)	$ (68,910)	$ (18,931,080)	$ (5,265,355)	$ (2,348,740)	$ (6,798,881)	$ (11,631,318)	$ (2,373,137)	$ (3,174,392)
District's covered payroll	$ 25,631,224	$ 23,560,919	$ 23,116,132	$ 22,546,913	$ 20,853,069	$ 20,258,173	$ 20,610,016	$ 19,402,005
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	0.27%	80.35%	22.78%	10.42%	32.60%	57.42%	11.51%	16.36%
Plan fiduciary net position as a percentage of the total pension (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NYSTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) / asset	0.603115%	0.599366%	0.591186%	0.586609%	0.590947%	0.588572%	0.568047%	0.549144%
District's proportionate share of the net pension (liability) / asset	$ (16,665,690)	$ 15,571,567	$ 10,690,204	$ 4,458,813	$ (6,329,288)	$ 61,133,877	$ 63,276,929	$ 3,614,762
District's covered payroll	$ 102,367,668	$ 101,942,899	$ 97,000,252	$ 93,524,270	$ 91,705,091	$ 89,868,630	$ 84,779,765	$ 81,727,453
District's proportionate share of the net pension (liability) / asset as a percentage of its covered payroll	16.28%	15.27%	11.02%	4.77%	6.90%	68.03%	74.64%	4.42%
Plan fiduciary net position as a percentage of the total pension (liability) / asset	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 dates of the plans.

See Paragraph on Required Supplementary Information Included in Auditor's Report

MIDDLE COUNTRY CENTRAL 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	$ 3,304,180	$ 3,342,737	$ 3,169,360	$ 3,031,707	$ 2,966,365	$ 3,408,900	$ 3,685,597	$ 3,585,625	$ 3,685,462	$ 3,018,004
Contributions in relation to the contractually required contribution	3,304,180	3,342,737	3,169,360	3,031,707	2,966,365	3,408,900	3,685,597	3,585,625	3,685,462	3,018,004
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 25,602,276	$ 23,574,095	$ 23,230,601	$ 22,834,793	$ 21,281,289	$ 20,492,506	$ 20,868,392	$ 19,659,888	$ 19,225,854	$ 19,188,111
Contributions as a percentage of covered payroll	12.91%	14.18%	13.64%	13.28%	13.94%	16.63%	17.66%	18.24%	19.17%	15.73%

NYSTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 10,358,058	$ 9,051,162	$ 10,621,153	$ 9,437,216	$ 10,894,707	$ 12,091,668	$ 15,498,537	$ 13,635,283	$ 9,523,829	$ 9,034,941
Contributions in relation to the contractually required contribution	10,358,058	9,051,162	10,621,153	9,437,216	10,894,707	12,091,668	15,498,537	13,635,283	9,523,829	9,034,941
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 108,688,902	$ 102,367,668	$ 101,942,899	$ 97,000,252	$ 93,524,270	$ 91,705,091	$ 89,868,630	$ 84,779,765	$ 81,727,453	$ 82,508,215
Contributions as a percentage of covered payroll	9.53%	8.84%	10.42%	9.73%	11.65%	13.19%	17.25%	16.08%	11.65%	10.95%

See Paragraph on Required Supplementary Information Included in Auditor's Report

MIDDLE COUNTRY CENTRAL 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	$ 265,011,296
Add: prior year's encumbrances	985,778
Original budget	265,997,074
Budget revision:	-
Final budget	$ 265,997,074

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021 - 2022 voter-approved expenditure budget		$ 269,080,958
Maximum allowed (4% of 2021-22 budget)		$ 10,763,238
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 3,331,344	
Unassigned fund balance	8,072,430	
Total unrestricted fund balance		11,403,774
Less:		
Appropriated fund balance	$ 2,400,000	
Encumbrances included in assigned fund balance	931,344	
Total adjustments		3,331,344
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 8,072,430
Actual percentage		3.00%

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2021

Project Title	Proj. #	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 and Federal Aid	Local Sources	Total	
2015 Bond Project												
District Wide Bond Project	**	$ 2,179,131	$ 956,612	$ 32,406	$ (1,666)	$ 30,740	$ 925,872	1,032,879	$ -	$ 50,000	$ 1,082,879	$ 1,052,139
District Wide Doors	7999008	5,109,809	6,973,946	5,284,134	966,367	6,250,501	723,445	6,867,188			6,867,188	616,687
District Wide Security Project	7999007	2,019,333	138,033	81,468	44,653	126,121	11,912	138,033			138,033	11,912
District Wide Network Equipment	**	797,300	756,948	756,948		756,948	-	756,948			756,948	-
Dawnwood MS Roof/Renov	0008021	9,204,561	4,000,861	4,000,938		4,000,938	(77)	4,000,938			4,000,938	-
New Lane Café/Library/Renov	0016014	674,162	803,707	803,707		803,707	-	803,707			803,707	-
Stagecoach Building Renovation # 1	0012011	155,423	740,352	740,352		740,352	-	740,352			740,352	-
New Lane Generator	0016018	333,000	295,618	13,476	35,516	48,992	246,626	295,618			295,618	246,626
Dawnwood MS Windows	0008022	2,632,685	2,632,526	219,051	1,604,028	1,823,079	809,447	2,632,526			2,632,526	809,447
Dawnwood MS Building Renovation # 1	0008020	413,300	5,043,441	4,885,262	158,179	5,043,441	-	5,043,441			5,043,441	-
Dawnwood MS Building Phase 3	0008025	-	818,074	676,871	122,177	799,048	19,026	818,074			818,074	19,026
Selden MS Windows	0010022	2,415,685	2,411,017	2,250,018	160,969	2,410,987	30	2,411,017			2,411,017	30
Selden MS Building Renovation #1	0010021	631,170	2,810,974	2,810,974		2,810,974	-	2,810,974			2,810,974	-
Selden MS Building Renovation #2	0010023	3,605,920	3,787,854	3,336,990	450,687	3,787,677	177	3,787,854			3,787,854	177
Selden MS Boiler	0010020	195,425	725,805	725,805		725,805	-	725,805			725,805	-
Newfield HS Windows	0006026	3,826,185	3,550,552	3,283,097	267,455	3,550,552	-	3,550,552			3,550,552	-
Newfield HS Building Renovation # 1	0006027	414,500	10,416,642	9,912,494	496,110	10,408,604	8,038	10,416,642			10,416,642	8,038
Newfield HS New Gym	0006024	6,542,645	10,003,342	9,865,189		9,865,189	138,153	10,003,342			10,003,342	138,153
Newfield HS Phase 2	0006029	1,850,000	2,671,898	2,323,931	347,967	2,671,898	-	2,671,898			2,671,898	-
Newfield HS Phase 3		-	9,724			-	9,724	9,724			9,724	9,724
Newfield HS Comfort Station		323,625	377,843		360,050	360,050	17,793	377,843			377,843	17,793
Newfield HS Generator	0006025	333,000	305,069	14,884	27,795	42,679	262,390	305,069			305,069	262,390
Centereach HS Track/roof			259		259	259	-	259			259	-
Centereach HS Vestibule	0015020	97,000	85,553	85,553		85,553	-	85,553			85,553	-
Centereach HS Windows	0015025	3,829,185	3,384,774	2,112,521	1,270,055	3,382,576	2,198	3,384,774			3,384,774	2,198
Centereach HS Building Renovation # 1	0015026	360,500	8,404,934	7,871,223	490,590	8,361,813	43,121	8,404,934			8,404,934	43,121
Centereach HS New Gym	0015023	7,986,568	11,339,276	11,238,184	917	11,239,101	100,175	11,339,276			11,339,276	100,175
Centereach HS Phase 2	0015028	617,000	912,357	595,758	14,894	610,652	301,705	912,357			912,357	301,705
Centereach HS Phase 3		-	-			-	-				-	-
Centereach HS Generator	0015024	333,000	268,044	15,684	25,831	41,515	226,529	268,044			268,044	226,529
Centereach Comfort Station		323,625	-			-	-				-	-
Bicycle Path School Building Renovation #1			34,630			-	34,630	34,630			34,630	34,630
Auer Building Renovation #1			189,720			-	189,720	189,720			189,720	189,720
Hawkins path Elementary School Windows			43,363			-	43,363	43,363			43,363	43,363
Buses	**	5,280,000	3,739,289	3,739,289		3,739,289	-	3,739,289	80,000		3,819,289	80,000
Bus Cameras/Equipment		424,000	340,000	340,000		340,000	-	340,000			340,000	-
Fuel Management System		67,000	72,407	72,407		72,407	-	72,407		50,000	122,407	50,000
Smart Schools Bond Act		219,627	6,467,120	3,058,942	2,210,501	5,269,443	1,197,677		5,269,443		5,269,443	-
Energy Performance Contract 2019/20		-	18,746,916	5,624,075	7,714,195	13,338,270	5,408,646	18,746,916			18,746,916	5,408,646
Unity Drive Electric		-	100,000		95,745	95,745	4,255			100,000	100,000	4,255
Total		$ 63,194,364	$ 114,359,480	$ 86,773,631	$ 16,863,274	$ 103,634,905	$ 10,724,575	$ 107,761,946	$ 5,349,443	$ 200,000	$ 113,311,389	$ 9,676,484

**- Project numbers to be assigned

See Paragraph on Other Supplementary Information Included in Auditor's Report

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital assets, net		$ 195,110,096
Add:		
Unspent debt proceeds		9,622,229
Deferred charges on refundings		1,299,492
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premiums)	$ 12,755,469	
Long-term portion of bonds payable (inclusive of unamortized premiums)	114,320,909	127,076,378
Short-term portion of energy performance contracts payable	$ 2,117,680	
Long-term portion of energy performance contracts payable	21,608,032	23,725,712
Net investment in capital assets		$ 55,229,727