

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND
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INDEPENDENT AUDITOR'S REPORT

Shelter Island Town Board
Town of Shelter Island Peconic Bay Community Preservation Fund
Shelter Island, NY 11971

We have audited the accompanying December 31, 2020 financial statements of Town of Shelter Island Peconic Bay Community Preservation Fund balance sheet, statement of revenues, expenditures and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures on 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet and the statement of revenues and expenditures for the year ended in accordance with accounting principles generally accepted in the United States of America.

Rehn • Maresco

July 15, 2022
East Setauket, New York

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND**

BALANCE SHEET
DECEMBER 31, 2020

ASSETS	General Fund	Water Quality Improvement Project Fund	Total
Cash, special reserves	\$ 2,145,248	\$ -	\$ 2,145,248
Cash, time deposits	5,903,916	-	5,903,916
Interfund receivable	-	1,672,213	1,672,213
State aid receivable	<u>1,083,217</u>	<u>-</u>	<u>1,083,217</u>
TOTAL ASSETS	<u>\$ 9,132,381</u>	<u>\$ 1,672,213</u>	<u>\$ 10,804,594</u>
 LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 3,300	\$ 10,000	\$ 13,300
Interfund payable	<u>1,672,213</u>	<u>-</u>	<u>1,672,213</u>
TOTAL LIABILITIES	<u>1,675,513</u>	<u>10,000</u>	<u>1,685,513</u>
 FUND BALANCES			
With Restrictions	<u>7,456,868</u>	<u>1,662,213</u>	<u>9,119,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,132,381</u>	<u>\$ 1,672,213</u>	<u>\$ 10,804,594</u>

See accompany notes to financial statements.

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

SUPPORT	General Fund	Water Quality Improvement Project Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Peconic Bay Community Preservation			
Funds transfer taxes	\$ 2,468,566	\$ 617,141	\$ 3,085,707
Interest income	<u>33,506</u>	<u>-</u>	<u>33,506</u>
TOTAL SUPPORT	<u>2,502,072</u>	<u>617,141</u>	<u>3,119,213</u>
 EXPENDITURES			
Administrative expenses	5,851	-	5,851
Bond payment - interest	6,000	-	6,000
Land acquisition expenses	4,062,806	-	4,062,806
Stewardship expenses	9,070	-	9,070
Water quality improvement projects expenses	<u>-</u>	<u>176,397</u>	<u>176,397</u>
TOTAL EXPENDITURES	<u>4,083,727</u>	<u>176,397</u>	<u>4,260,124</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,581,655)</u>	<u>440,744</u>	<u>(1,140,911)</u>
Fund balances, beginning of year	<u>9,038,523</u>	<u>1,221,469</u>	<u>10,259,992</u>
Fund balances, end of year	<u>\$ 7,456,868</u>	<u>\$ 1,662,213</u>	<u>\$ 9,119,081</u>

See accompany notes to financial statements.

TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Water Quality Improvement Project Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenues collected	\$2,137,465	\$ 176,397	\$2,313,862
Payments for expenditures	<u>4,083,727</u>	<u>176,397</u>	<u>4,260,124</u>
Net cash used in operating activities	<u>(1,946,262)</u>	<u>-</u>	<u>(1,946,262)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Principal payments on capital debt	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Net cash used in capital financing activities	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interest and earnings received	<u>33,506</u>	<u>-</u>	<u>33,506</u>
Net cash provided by non-capital financing activities	<u>33,506</u>	<u>-</u>	<u>33,506</u>
Net decrease in cash and cash equivalents	<u>(2,112,756)</u>	<u>-</u>	<u>(2,112,756)</u>
Cash and cash equivalents, beginning of year	<u>10,161,920</u>	<u>-</u>	<u>10,161,920</u>
Cash and cash equivalents, end of year	<u>\$8,049,164</u>	<u>\$ -</u>	<u>\$8,049,164</u>

See accompany notes to financial statements.

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ACTIVITIES

Nature of Activities

In 1998, the Peconic Bay Community Preservation Fund (the “Fund”) was established by voter referendum. The Fund is financed by a 2% real estate transfer tax through 2050. In 2016, voters added the opportunity for the Fund to invest up to 20% of the funds toward water quality improvement projects. The overall goal is to preserve open land and farmland by purchasing open space and environmentally sensitive lands. Funds are also allowed to be used for management and stewardship of the acquired properties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

The Fund’s basic financial statements include the following funds:

General Fund

This fund is the principal operating fund of Peconic Bay Community Preservation Fund. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Water Quality Improvement Project Fund

This fund is used to account for revenues and expenditures on Water Quality Improvement Projects. The primary source of funds are from the 20% allocation of real estate transfer taxes to this fund.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF SHELTER ISLAND PECONIC BAY COMMUNITY
PRESERVATION FUND**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash consists of funds deposited in demand accounts and time deposit accounts with maturities of less than three months from the date acquired by the Fund.

For purposes of the Statement of Cash Flows, the Fund considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

Receivables

Receivables include amounts due from State and other governments as well as amounts due from other funds. Receivable are recorded and revenues are recognized as earned or as specific program expenditures are incurred.

NOTE 3 - COMMITMENTS

Water Quality Improvement Project Fund project awards

As of December 31, 2020, up to \$444,000 of this fund has been committed for conditional rebates awarded to individual homeowners to install Low-Nitrogen Sanitary System and \$20,860 has been committed to fund the Town's installation of a Low-Nitrogen Sanitary System at the bathroom facility at one of its public beaches. These rebates are the maximum amount available to individual homeowners and any rebates not wholly used are released from commitment and made available for the awarding of future rebates and grants that meet the Water Quality Improvement Project Fund legislative purposes.

NOTE 4 - SUBSEQUENT EVENTS

The Fund has evaluated all subsequent events through July 15, 2022, the date the financial statements were available to be issued, and determined that, except as discussed below, there were no events which have occurred that would require disclosure or adjustments to the financial statements.