



Great Neck Public Schools

Where Discovery Leads to Greatness

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
June 30, 2022

GREAT NECK UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Great Neck Union Free School District
Great Neck, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

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

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the cash receipts referred to in the "Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Great Neck Union Free School District, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Great Neck Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Qualified Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Great Neck Union Free School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

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

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

Change in Accounting Principle

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension asset/(liability), and schedule of District's pension contributions on pages 4 through 19 and 64 through 67, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 68 through 71 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the Great Neck Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Great Neck Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Great Neck Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

November 15, 2022

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

The following is a discussion and analysis of the Great Neck Union Free School District's (the "District") financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's notes to financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

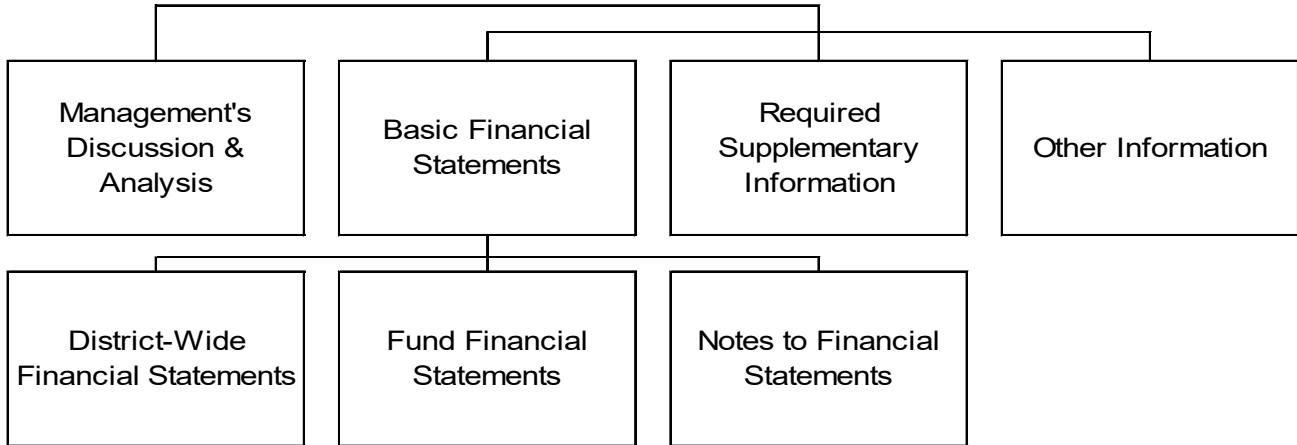
Key financial highlights for year 2022 are as follows:

- The District implemented Governmental Accounting Standards Board Statement No. 87, "Leases," in 2022. This resulted in the restatement of current and other assets, and deferred inflows of resources. This restatement had no effect on the District's prior year net position.
- On the district-wide financial statements, total net position (deficit) decreased by \$21,491,894 to \$(31,767,457) for the year ended June 30, 2022, compared to a net position (deficit) balance of \$(53,259,351) at June 30, 2021.
- On the district-wide financial statements, the District's expenses for the year totaled \$233,565,719. Of this amount, \$19,286,040 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$235,771,573 amount to 92% of total revenues.
- The general fund's total fund balance, as reflected on the Balance Sheet in the fund financial statements, increased by \$3,430,443 to \$74,723,528.
- On the Balance Sheet, the general fund's unassigned fund balance at year end was \$10,457,308. This represents an increase of \$369,521 over the prior year.
- The District's 2022 property tax levy of \$217,072,046 was a 1.98% increase over the 2021 tax levy. The District's property tax cap was 2.82%.
- On June 14, 2022 the District issued bonds with a par value of \$6,221,000 and received a net premium of \$242,921 in relation to the 2017 voter approved capital project. The voters approved a total borrowing of \$68,339,262 and the premium received will offset future borrowings.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - Management's Discussion and Analysis (MD&A), the financial statements, required supplementary information, and other information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statement follows:



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GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The chart below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources/liability/deferred inflow 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 outflow of resources expected to be used up and liabilities and deferred inflow of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflow of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; 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

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Financial Statements

The district-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances. These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

Fund Financial Statements

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

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

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

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements.

By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

Current and other assets, and deferred inflows of resources for 2021 have been restated by \$2,090,857 for the implementation of GASB Statement No. 87 *Leases*. A lessor is required to recognize a lease receivable and lease revenue, as deferred inflows of resources, over the life of the lease term.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

The District's total net position increased by \$21,491,894 between fiscal year 2021 and 2022. A summary of the District's Statements of Net Position follows:

	6/30/2022	6/30/2021 as restated	Change	Percent Change
Current and other assets	\$ 152,185,930	\$ 145,730,786	\$ 6,455,144	4.4%
Capital assets, net	163,125,234	152,813,302	10,311,932	6.7%
Net pension assets - proportionate share	113,928,148	-	113,928,148	100.0%
Total assets	429,239,312	298,544,088	130,695,224	43.8%
Deferred outflows of resources	125,858,102	140,239,902	(14,381,800)	-10.3%
Other liabilities	25,408,736	24,132,507	1,276,229	5.3%
Non-current liabilities	329,058,273	421,219,035	(92,160,762)	-21.9%
Net pension liability - proportionate share	-	16,604,232	(16,604,232)	-100.0%
Total liabilities	354,467,009	461,955,774	(107,488,765)	-23.3%
Deferred inflows of resources	232,397,862	30,087,567	202,310,295	672.4%
Net position (deficit):				
Net investment in capital assets	116,962,914	114,247,543	2,715,371	2.4%
Restricted	56,034,995	59,574,601	(3,539,606)	-5.9%
Unrestricted (Deficit)	(204,765,366)	(227,081,495)	22,316,129	9.8%
Total net position (deficit)	\$ (31,767,457)	\$ (53,259,351)	\$ 21,491,894	40.4%

Current and other assets increased by \$6,455,144, as compared to the prior year. The increase is primarily related to increases in cash balances and amounts due from other governments, as compared to prior year offset by decreases in taxes receivable.

Capital assets, net of depreciation, increased by \$10,311,932, as compared to the prior year. This increase was the result of capital asset additions exceeding depreciation expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

Net pension assets – proportionate share increased by \$113,928,148 in the current year. These assets represent the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State Local and Employees' Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. The plans reported net pension liabilities as of June 30, 2021.

Deferred outflows of resources decreased by \$14,381,800 as compared to the prior year. The deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and other post-employment benefits plans that will be amortized in future years.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

Current and other liabilities increased by \$1,276,229, as compared to the prior year. This increase was primarily related to an increase in accounts payable and accrued liabilities, offset by decreases in retainage payable and amounts due to the Employees' Retirement System.

Non-current liabilities decreased by \$92,160,762 as compared to the prior year. This decrease was primarily in connection with a \$96,170,229 decrease in the liability for other postemployment benefits and repayment of current maturity of the bond indebtedness offset by the current year issuance of \$6,221,000 in serial bonds plus a net premium received in the amount of \$242,921.

Net pension liabilities – proportionate share decreased by \$16,604,232 in the current year. These liabilities represent the District's share of the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System's collective net pension liabilities, at the measurement date of the respective year. The plans fluctuated to net pension assets as of June 30, 2022.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years, as well as the amount of long-term leases receivable that will be amortized and recognized as lease revenues over the term of the leases. This amount increased by \$202,310,295 as compared to the prior year.

The net investment in capital assets relates to the investment in capital assets at cost such as - land, construction-in-progress, buildings and improvements, site improvements, and furniture and equipment, net of depreciation and related debt. This increased over the prior year by \$2,715,371 due to capital acquisitions not financed by debt.

Restricted net position at June 30, 2022 is \$56,034,995 and is comprised of the District's reserves as seen in the fund balance section on the Balance Sheet – Governmental Funds, including nonspendable scholarships, excluding unspent bond proceeds. The restricted balance decreased by \$3,539,606 primarily due to the use of reserves, net of the funding of reserves during the year.

The unrestricted net deficit of \$(204,765,366) relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay-as-you-go" basis and is not permitted to accumulate funds for the total OPEB liability.

The District's total net position increased by \$21,491,894 or 40.4% to \$(31,765,457) for the year ended June 30, 2022, compared to \$(53,259,351), at June 30, 2021.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 6,816,088	\$ 4,692,274	\$ 2,123,814	45.3%
Operating grants and contributions	12,221,721	7,248,721	4,973,000	68.6%
Capital grants	248,231	176,864	71,367	40.4%
General revenues:				
Real property taxes	212,552,486	208,918,743	3,633,743	1.7%
Other tax items and STAR	11,151,772	11,427,919	(276,147)	-2.4%
State aid	9,977,076	9,181,963	795,113	8.7%
Sale of property and compensation for loss	255,271	601,177	(345,906)	-57.5%
Use of money and property	1,016,662	668,500	348,162	52.1%
Other	818,306	722,644	95,662	13.2%
Total revenues	<u>255,057,613</u>	<u>243,638,805</u>	<u>11,418,808</u>	<u>4.8%</u>
Expenses				
General support	33,501,099	34,082,358	(581,259)	-1.7%
Instruction	178,820,366	218,351,977	(39,531,611)	-18.1%
Pupil transportation	15,681,702	13,680,329	2,001,373	14.6%
Community services	995,357	444,389	550,968	124.0%
Debt services - interest	1,767,535	1,553,697	213,838	13.8%
School food service program	2,799,660	2,188,275	611,385	27.9%
Total expenses	<u>233,565,719</u>	<u>270,301,025</u>	<u>(36,735,306)</u>	<u>-13.6%</u>
Change in net position	<u>\$ 21,491,894</u>	<u>\$ (26,662,220)</u>	<u>\$ 48,154,114</u>	<u>-180.6%</u>

The District's revenues increased by \$11,418,808 or 4.8% for the year ended June 30, 2022. The main areas of increase were operating grants and contributions, and real property taxes. These increases were mostly offset by decreases in sale of property and compensation for loss, and other tax items, as compared to the prior year.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

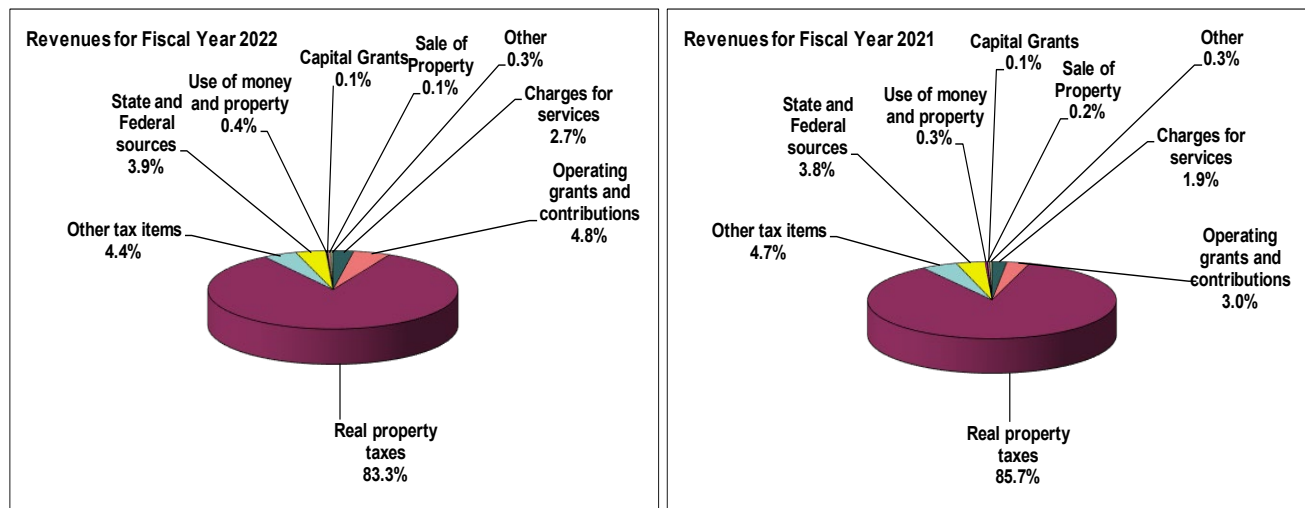
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results (continued)

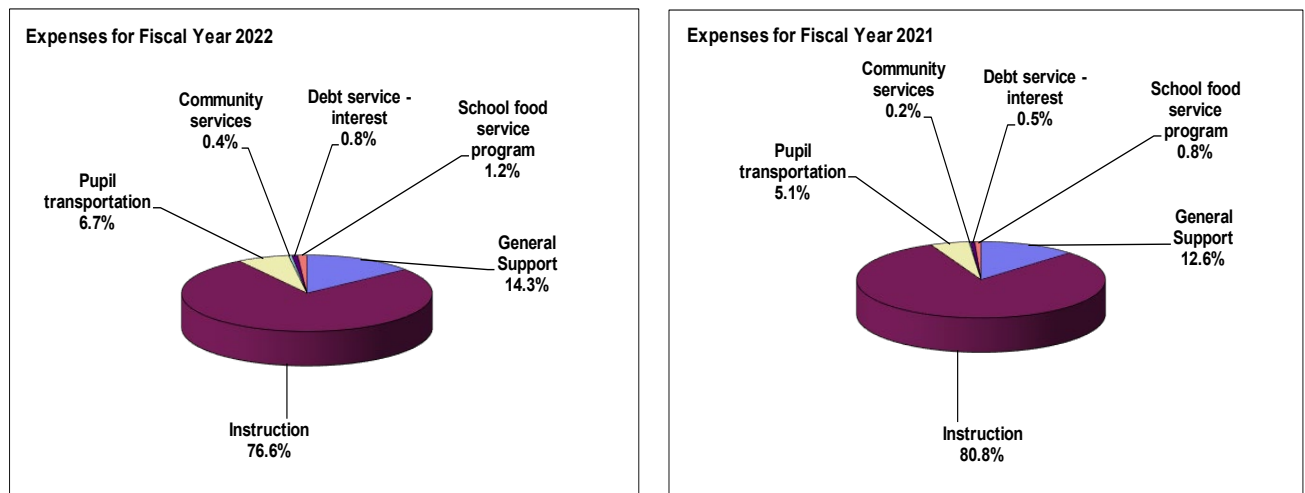
The District's expenses decreased by \$36,735,306 or 13.6% for the year ended June 30, 2022. The decrease was primarily the result of decreases in the costs of instruction, as impacted by the decrease in other postemployment benefits and increases in the District's proportionate share of financial positions of the retirement system.

As indicated on the pie charts below, real property taxes is the largest component of revenues recognized, representing 83.3% and 85.7% of the total revenues for the years ended June 30, 2022 and 2021, respectively. Instruction expenses is the largest category of expenses incurred at 76.6% and 80.8% of the total expenses for the years ended June 30, 2022 and 2021, respectively.

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



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



GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$125,257,630, which is an increase of \$4,398,534 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Restricted:				
Unemployment Insurance	\$ 2,409,143	\$ 2,406,736	\$ 2,407	0.1%
Employee Benefit				
Accrued Liability Reserve	13,015,090	12,035,201	979,889	8.1%
Workers' Compensation	12,432,060	13,518,541	(1,086,481)	-8.0%
Retirement Contribution- ERS	21,802,919	23,487,548	(1,684,629)	-7.2%
Retirement Contribution- TRS	4,012,098	5,536,876	(1,524,778)	-27.5%
Assigned	10,594,910	4,220,396	6,374,514	151.0%
Unassigned	10,457,308	10,087,787	369,521	3.7%
	<u>74,723,528</u>	<u>71,293,085</u>	<u>3,430,443</u>	<u>4.8%</u>
Special Aid Fund				
Unassigned (deficit)	<u>-</u>	<u>(3,080,432)</u>	<u>3,080,432</u>	<u>0.0%</u>
School Food Service Fund				
Nonspendable: Inventory	126,895	76,546	50,349	65.8%
Assigned	<u>1,556,040</u>	<u>906,482</u>	<u>649,558</u>	<u>71.7%</u>
	<u>1,682,935</u>	<u>983,028</u>	<u>699,907</u>	<u>71.2%</u>
Debt Service Fund				
Restricted: Debt	<u>522,897</u>	<u>489,014</u>	<u>33,883</u>	<u>6.9%</u>
Capital Projects Fund				
Restricted:				
Capital	1,222,339	1,463,566	(241,227)	-16.5%
Unspent Bond Proceeds	20,169,509	24,033,378	(3,863,869)	-16.1%
Assigned	<u>25,779,563</u>	<u>24,540,947</u>	<u>1,238,616</u>	<u>5.0%</u>
	<u>47,171,411</u>	<u>50,037,891</u>	<u>(2,866,480)</u>	<u>-5.7%</u>
Extraclassroom Activities Fund				
Assigned	<u>538,410</u>	<u>499,391</u>	<u>39,019</u>	<u>7.8%</u>
Scholarships Fund				
Restricted: Scholarships	<u>303,532</u>	<u>322,202</u>	<u>(18,670)</u>	<u>-5.8%</u>
Permanent Fund				
Nonspendable: Scholarships	<u>314,917</u>	<u>314,917</u>	<u>-0-</u>	<u>0.0%</u>
Total Fund Balance	<u>\$ 125,257,630</u>	<u>\$ 120,859,096</u>	<u>\$ 4,398,534</u>	<u>3.6%</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund

The general fund - fund balance increased by \$3,430,443 due to revenues and other financing sources in excess of expenditures and other financing uses, which provided for funding of the reserves for retirement contribution - ERS, retirement contribution - TRS, and employee benefit accrued liability. Actual revenues earned, including other financing sources, were higher than in the prior year by \$5,135,012 predominantly due to the tax levy increase. Total expenditures, inclusive of other financing uses, were higher than the prior year by \$7,982,483.

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

	Balance @ June 30, 2021	Use of Reserves	Interest	Funding	Balance @ June 30, 2022	Appropriated for June 30, 2023
Unemployment Insurance	\$ 2,406,736	\$ -	\$ 2,407	\$ -	\$ 2,409,143	\$ 100,000
Employee Benefit Accrued Liability	12,035,201	(32,146)	12,035	1,000,000	13,015,090	200,000
Workers' Compensation	13,518,541	(1,100,000)	13,519	-	12,432,060	1,100,000
Retirement Contribution- ERS	23,487,548	(3,192,704)	23,488	1,484,587	21,802,919	2,582,664
Retirement Contribution- TRS	5,536,876	(3,460,315)	5,537	1,930,000	4,012,098	2,076,561
	<u>\$56,984,902</u>	<u>\$ (7,785,165)</u>	<u>\$ 56,986</u>	<u>\$ 4,414,587</u>	<u>\$53,671,310</u>	<u>\$ 6,059,225</u>

Special Aid Fund

The special aid fund - fund balance increased by \$3,080,432 as a result of federal funding awards under the CARES Act.

School Food Service Fund

The school food service fund - fund balance increased by \$699,907, as a result of revenues exceeding expenditures during the year as federal reimbursements increased related to distribution of free meals to all students regardless of eligibility status.

Debt Service Fund

The debt service fund - fund balance increased by \$33,883. The increase is related to interest earnings.

Capital Projects Fund

The capital projects fund - fund balance decreased by \$2,866,480. The District made total transfers of \$6,366,000 from the general fund to fund capital projects. Expenditures were made for several projects totaling \$16,437,214. During the year, the District received proceeds from the issuance of serial bonds totaling \$6,221,000, plus \$242,921 of net premiums, and proceeds from finance purchase agreements of \$740,775. The capital projects fund also transferred \$298 back to the general fund, which was the balance remaining from completed projects.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

Capital Projects Fund (continued)

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

	Balance @ June 30, 2021	Use of Reserves	Interest	Balance @ June 30, 2022
2016 Capital Reserve	\$ 1,463,566	\$ 241,227	\$ -0-	\$ 1,222,339

Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is an increase of \$39,019, as a result of revenues of \$674,793 in excess of expenditures of \$635,774.

Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$18,670, as a result of expenditures of \$81,569 in excess of revenues of \$62,899.

Permanent Fund

There is no change in the permanent fund.

General Fund Budgetary Highlights

2021-22 Budget

The District's general fund adopted budget for the year ended June 30, 2022, was \$252,194,682. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,036,191, and the approval of various budget adjustment increases of \$158,457 for a total final budget of \$253,389,330.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignments, such as appropriations to fund the subsequent year's budget, and encumbrances. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 10,087,787
Revenues Over Budget	668,077
Expenditures and Encumbrances Under Budget	13,354,705
Unused Appropriated Reserves	(567,612)
Allocation to Reserves	(4,471,573)
Appropriated for the 2022-2023 Budget	<u>(8,614,076)</u>
Closing, Unassigned Fund Balance	<u>\$ 10,457,308</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

Opening, Unassigned Fund Balance

The \$10,087,787 shown in the table above is the portion of the District's June 30, 2021 fund balance that was reported as unassigned. This was 4.00% of the District's 2021-22 approved operating budget of \$252,194,682.

Revenues Over Budget

The 2021-22 final budget for revenues was \$240,816,157. Actual revenues recognized for the year were \$241,484,234. The excess of actual revenues over estimated or budgeted revenues amounted to \$668,077. The District recognized revenues in excess of that anticipated in the following areas: real property taxes – restored taxes, insurance recoveries, and federal CARES ACT funding, and offset by the excess of budgeted revenues in excess of recognized revenues in other tax items – payments in lieu of taxes, and use of money and property. Revenues over budget contribute directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2021 to June 30, 2022.

Expenditures and Encumbrances Under Budget

The 2021-22 final budget for expenditures, including prior year open encumbrances and budget revisions amounted to \$253,389,330. Actual expenditures as of June 30, 2022 were \$238,053,791. Outstanding encumbrances as of June 30, 2022 were \$1,980,834. Combined, the expenditures plus encumbrances for 2021-22 were \$240,034,625. The final budget variance was \$13,354,705. Budget categories which contributed significantly to this were as follows: central services - the District expended less on utility and fuel costs; teaching regular school - expenditures for salaries were less than anticipated; pupil transportation - expenditures for transportation were less than anticipated; and employee benefits - actual increases in medical insurance costs, workers' compensation costs and retirement system costs were less than anticipated. Expenditures and encumbrances under budget contribute directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2021 to June 30, 2022.

Unused Appropriated Reserves

In the 2021-22 budget \$8,352,777 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated reserve expenditures, \$567,612 of the funding, \$100,000 from the unemployment insurance reserve and \$467,612 from the retirement contribution - ERS was not needed and therefore, was required to be returned to the reserve and is available for future use.

Allocation to Reserves

Amounts transferred from budget lines within the general fund operations into reserves such as the employee benefit accrued liability reserve, and the retirement contribution reserve for both ERS and TRS, which do not affect the combined non-spendable, restricted, assigned and unassigned fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfer.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

Assigned - Appropriated Fund Balance

The District has chosen to use \$8,614,076 of its available June 30, 2022 fund balance to partially fund its 2022-23 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previously presented table, the District will begin the 2022-23 fiscal year with an unassigned fund balance of \$10,457,308. This is an increase of \$369,521, as compared to the prior year. This is 4.00% of the District's 2022-23 approved operating budget of \$261,432,690.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022 and 2021, the District had invested in a broad range of capital assets, as shown in the table below. The net increase in capital assets is due to capital additions in excess of depreciation expense for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation, at June 30, 2022 and 2021 is as follows:

<u>Category</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>% Change</u>
Land	\$ 2,798,112	\$ 2,798,112	0.0%
Construction-in-progress	47,663,950	61,265,056	-22.2%
Building and improvements	82,485,131	59,757,140	38.0%
Site improvements	16,549,719	15,431,492	7.3%
Furniture and equipment	13,628,322	13,561,502	0.5%
Totals	<u>\$ 163,125,234</u>	<u>\$152,813,302</u>	6.7%

Capital additions for the year ended June 30, 2022 were \$16,015,328. Depreciation expense for the year was \$5,486,033, as well as a loss on disposal of \$217,363.

Debt Administration

A summary of the long-term debt at June 30, 2022 and 2021 is as follows:

<u>Category</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>% Change</u>
General obligation bonds, inclusive of premiums	\$ 62,723,720	\$ 58,481,649	7.3%
Finance purchase agreements payable	954,462	647,142	47.5%
Installment purchase debt	2,653,647	3,470,346	-23.5%
Other postemployment benefits payable	242,436,358	338,606,587	-28.4%
Compensated absences	16,472,172	16,467,275	0.0%
Workers' compensation claims payable	3,817,914	3,546,036	7.7%
Net pension liability - proportionate share	-	16,604,232	-100.0%
Totals	<u>\$ 329,058,273</u>	<u>\$ 437,823,267</u>	-24.8%

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

At June 30, 2022, the District had total bonds payable (inclusive of unamortized premiums) of \$62,723,720. The increase in outstanding debt represents the new serial bond plus premium, net of the repayment of the current maturity of bond indebtedness.

The increase in finance purchase agreements payable represents the addition of new finance purchase agreements totaling \$740,775 entered into during the year ended June 30, 2022 less the scheduled principal payments.

At June 30, 2022, the District had total installment purchase debt payable of \$2,653,647. The decrease in total installment purchase debt represents scheduled principal payments.

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, net pension liability - proportionate share and total other postemployment benefits obligation. The compensated absences liability is based on employment contracts. The workers' compensation liability, the net pension liability- proportionate share and the total other postemployment benefits obligation are based on actuarial valuations.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aaa. The District's total outstanding indebtedness currently does not exceed its debt limit, which is defined as 10% of the full valuation of the taxable real property within the District.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 17, 2022, for the year ending June 30, 2023, is \$261,432,690. This is an increase of \$9,238,008 or 3.66% over the previous year's budget. The increase is primarily in the instruction area of the budget.

The District's adopted budget reflects non-property tax revenues at an increase of \$515,056 over the current year's budget. The assigned-appropriated fund balance the District applied to the 2022-23 budget to reduce taxes is \$8,614,076, which is an increase of \$5,429,871 compared to the prior year. The District appropriated \$6,059,225 of restricted fund balance to be applied to the June 30, 2023 budget, which is a decrease of \$2,293,552. The adopted budget reflects an increase in property tax revenues of 2.57%.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities and most school districts. For fiscal years beginning in 2012, no school district is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however there are permitted exceptions and adjustments. School districts can exceed the tax levy limit only by a 60% favorable vote by District's budget voters. The 2.57% increase in the property tax levy is in compliance with Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, and less than the 3.36% tax levy cap.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

CONTACTING THE DISTRICT

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

Mr. John O'Keefe
Assistant Superintendent for Business and Finance
Great Neck Union Free School District
Phipps Administration Building
345 Lakeville Road
Great Neck, New York 11020

GREAT NECK UNION FREE SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Cash	
Unrestricted	\$ 62,076,011
Restricted	75,969,453
Investments	
Restricted	235,051
Receivables	
State and Federal aid	3,032,764
Due from other governments	2,998,518
Taxes	5,225,223
Lease receivable	1,811,110
Other	710,905
Inventories	126,895
	<hr/>
Total Current Assets	152,185,930
Non-depreciable capital assets	50,462,062
Depreciable capital assets, net of depreciation	112,663,172
Net pension assets-proportionate share	113,928,148
	<hr/>
Total Non-Current Assets	277,053,382
	<hr/>
Total Assets	429,239,312

DEFERRED OUTFLOWS OF RESOURCES

Other postemployment benefits	52,609,620
Pensions	73,248,482
	<hr/>
Total Deferred Outflows of Resources	125,858,102

LIABILITIES

Accounts payable	6,159,514
Accrued liabilities	2,805,459
Retainage payable	596,251
Compensated absences payable	301,647
Due to other governments	1,170,015
Due to teachers' retirement system	11,361,793
Due to employees' retirement system	658,829
Other liabilities	82,773
Unearned credits: collections in advance	2,189,928
Accrued interest	82,527
Non-current liabilities	
Due and payable within one year:	
Bonds payable, inclusive of premiums	2,514,996
Finance purchase agreements payable	362,462
Installment purchase debt payable	849,724
Compensated absences payable	823,609
Workers' compensation claims payable	190,896
Due and payable after one year:	
Bonds payable, inclusive of premiums	60,208,724
Finance purchase agreements payable	592,000
Installment purchase debt payable	1,803,923
Other postemployment benefits payable	242,436,358
Compensated absences payable	15,648,563
Workers' compensation claims payable	3,627,018
	<hr/>
Total Liabilities	354,467,009

DEFERRED INFLOWS OF RESOURCES

Lease related	1,786,247
Other postemployment benefits	90,331,651
Pensions	140,279,964
	<hr/>
Total Deferred Inflows of Resources	232,397,862

NET POSITION (DEFICIT)

Net Investment in capital assets	116,962,914
Restricted	56,034,995
Unrestricted (Deficit)	(204,765,366)
	<hr/>
Total Net Position (Deficit)	\$ (31,767,457)

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 33,501,099			\$ 169,743	\$ (33,331,356)
Instruction	178,820,366	\$ 6,401,037	\$ 9,240,795	78,488	(163,100,046)
Pupil transportation	15,681,702				(15,681,702)
Community services	995,357				(995,357)
Debt service - interest	1,767,535				(1,767,535)
School food service program	2,799,660	415,051	2,980,926		596,317
Total Functions and Programs	<u>\$ 233,565,719</u>	<u>\$ 6,816,088</u>	<u>\$ 12,221,721</u>	<u>\$ 248,231</u>	<u>(214,279,679)</u>
GENERAL REVENUES					
Real property taxes					212,552,486
Other tax items and STAR					11,151,772
Use of money and property					1,016,662
Sale of property and compensation for loss					255,271
State aid					9,977,076
Miscellaneous					542,801
Medicaid					<u>275,505</u>
Total General Revenues					<u>235,771,573</u>
Change in Net Position					21,491,894
Total Net Position (Deficit) - Beginning of Year					<u>(53,259,351)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (31,767,457)</u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
ASSETS									
Cash									
Unrestricted	\$ 24,208,585	\$ 7,861,892	\$ 1,499,185		\$ 27,962,994	\$ 543,355			\$ 62,076,011
Restricted	54,174,558			\$ 19,649	21,391,848		\$ 383,398		75,969,453
Investments									
Restricted								\$ 235,051	235,051
Receivables									
State and federal aid	676,058	1,578,079	530,396		248,231				3,032,764
Due from other governments	2,998,518								2,998,518
Due from other funds	9,230,626		2,455	503,248				79,866	9,816,195
Taxes	5,225,223								5,225,223
Lease receivable	1,811,110								1,811,110
Other	466,088	167,414	2,403		75,000				710,905
Inventories			126,895						126,895
Total Assets	<u>\$ 98,790,766</u>	<u>\$ 9,607,385</u>	<u>\$ 2,161,334</u>	<u>\$ 522,897</u>	<u>\$ 49,678,073</u>	<u>\$ 543,355</u>	<u>\$ 383,398</u>	<u>\$ 314,917</u>	<u>\$ 162,002,125</u>
LIABILITIES									
Accounts payable	\$ 4,721,721	\$ 148,270	\$ 2,632		\$ 1,281,946	\$ 4,945			\$ 6,159,514
Accrued liabilities	2,668,656	28,147	108,656						2,805,459
Compensated absences payable	301,647								301,647
Due to other funds		8,835,088			901,241		79,866		9,816,195
Due to other governments	1,170,015								1,170,015
Due to teachers' retirement system	11,361,793								11,361,793
Due to employees' retirement system	658,829								658,829
Other liabilities	82,773								82,773
Unearned credits: collections in advance	1,226,693	595,880	367,111		244				2,189,928
Total Liabilities	<u>22,192,127</u>	<u>9,607,385</u>	<u>478,399</u>	<u>-0-</u>	<u>2,183,431</u>	<u>\$ 4,945</u>	<u>79,866</u>	<u>\$ -0-</u>	<u>34,546,153</u>
DEFERRED INFLOWS OF RESOURCES									
Lease related	1,786,247								1,786,247
Unavailable revenues	88,864				323,231				412,095
Total Deferred Inflows of Resources	<u>1,875,111</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>323,231</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,198,342</u>
FUND BALANCES (DEFICIT)									
Non-spendable									
Inventories			126,895						126,895
Scholarships								314,917	314,917
Restricted:									
Debt Service				522,897					522,897
Capital					1,222,339				1,222,339
Unspent bond proceeds					20,169,509				20,169,509
Unemployment Insurance	2,409,143								2,409,143
Employee Benefit Accrued Liability	13,015,090								13,015,090
Workers' Compensation	12,432,060								12,432,060
Retirement Contribution- ERS	21,802,919								21,802,919
Retirement Contribution- TRS	4,012,098								4,012,098
Scholarships							303,532		303,532
Assigned	10,594,910		1,556,040		25,779,563	538,410			38,468,923
Unassigned	10,457,308								10,457,308
Total Fund Balances	<u>74,723,528</u>	<u>-</u>	<u>1,682,935</u>	<u>522,897</u>	<u>47,171,411</u>	<u>538,410</u>	<u>303,532</u>	<u>314,917</u>	<u>125,257,630</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 98,790,766</u>	<u>\$ 9,607,385</u>	<u>\$ 2,161,334</u>	<u>\$ 522,897</u>	<u>\$ 49,678,073</u>	<u>\$ 543,355</u>	<u>\$ 383,398</u>	<u>\$ 314,917</u>	<u>\$ 162,002,125</u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2022

Total Governmental Fund Balances	\$ 125,257,630
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Amounts reported for governmental activities in
the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Capital assets - non-depreciable	\$ 50,462,062	
Capital assets - depreciable	206,726,686	
Accumulated depreciation	<u>(94,063,514)</u>	163,125,234

Certain amounts reported for the deferred outflows of the District's
other postemployment benefits and proportionate share of the
net pension assets are not considered current available
resources and are, therefore, not reported in the funds.

Net pensions assets-proportionate share	113,928,148	
OPEB - deferred outflows	52,609,620	
Pensions - deferred outflows	<u>73,248,482</u>	239,786,250

Current and long-term liabilities are not due and payable in
the current period and, therefore, are not reported in the funds:

Accrued interest payable	82,527	
Retainage payable	596,251	
General obligation bonds payable	57,186,000	
Unamortized bond premium	5,537,720	
Finance purchase agreements payable	954,462	
Installment purchase debt	2,653,647	
Other postemployment benefits payable	242,436,358	
Compensated absences payable	16,472,172	
Workers' compensation claims payable	<u>3,817,914</u>	(329,737,051)

Revenue that was deferred on the fund statements because it
does not meet the availability criteria under the modified
accrual basis of accounting is not deferred in the statement
of net position.

412,095

Certain amounts reported for the proportionate share of the District's
pension liability and/or deferred inflows are not due and payable in
the current period and, accordingly, are not reported in the funds.

OPEB - deferred inflows	90,331,651	
Pensions - deferred inflows	<u>140,279,964</u>	<u>(230,611,615)</u>

Net Position of Governmental Activities	<u>\$ (31,767,457)</u>
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See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
REVENUES									
Real property taxes	\$ 212,552,486								\$ 212,552,486
Other tax items	11,151,772								11,151,772
Charges for services	5,726,244					\$ 674,793			6,401,037
Use of money and property	979,515		\$ 2,889	\$ 33,884			\$ 374		1,016,662
Sale of property and compensation for loss	255,271								255,271
State aid	9,977,076	\$ 2,020,318	38,093						12,035,487
Sales - school food service			400,836						400,836
Miscellaneous	566,067	545,315	14,215		\$ 336		62,525		1,188,458
Federal aid	275,505	6,612,637	2,681,076						9,569,218
Surplus food			261,757						261,757
Total Revenues	241,483,936	9,178,270	3,398,866	33,884	336	674,793	62,899	-0-	254,832,984
EXPENDITURES									
General support	28,001,025								28,001,025
Instruction	126,214,569	7,992,207				635,774			134,842,550
Pupil transportation	15,018,797								15,018,797
Community service	583,915	246,481							830,396
Employee benefits	54,496,945								54,496,945
Debt service:									
Principal	1,250,155			1,920,000					3,170,155
Interest	137,297			1,921,509					2,058,806
Cost of sales			2,701,689						2,701,689
Scholarship and awards							81,569		81,569
Capital outlay					16,437,214				16,437,214
Total Expenditures	225,702,703	8,238,688	2,701,689	3,841,509	16,437,214	635,774	81,569	-0-	257,639,146
Excess (Deficiency) of Revenues Over Expenditures	15,781,233	939,582	697,177	(3,807,625)	(16,436,878)	39,019	(18,670)	-0-	(2,806,162)
OTHER FINANCING SOURCES AND (USES)									
Proceeds from serial bond					6,221,000				6,221,000
Proceeds from finance purchase agreements					740,775				740,775
Bond premiums					242,921				242,921
Operating transfers in	298	2,140,850	2,730	3,841,508	6,366,000				12,351,386
Operating transfers (out)	(12,351,088)				(298)				(12,351,386)
Total Other Sources (Uses)	(12,350,790)	2,140,850	\$ 2,730	3,841,508	13,570,398	-0-	-0-	-0-	7,204,696
Net Changes in Fund Balances	3,430,443	3,080,432	699,907	33,883	(2,866,480)	39,019	(18,670)	-0-	4,398,534
Fund Balance (Deficit) - Beginning of Year	71,293,085	\$ (3,080,432)	983,028	489,014	50,037,891	499,391	322,202	314,917	120,859,096
Fund Balance - End of Year	\$ 74,723,528	\$ -0-	\$ 1,682,935	\$ 522,897	\$ 47,171,411	\$ 538,410	\$ 303,532	\$ 314,917	\$ 125,257,630

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 4,398,534

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

Long-term revenue and expense differences

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

Compensated absences payable	(4,897)	
Workers' compensation claims payable	(271,878)	

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially the amount received).	224,629	
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Pension differences

(Increases)/decreases in the proportionate share of net pension assets/liabilities and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	\$ 16,572,938		
Employees' Retirement System	<u>2,624,021</u>		19,196,959

Other postemployment benefit (OPEB) differences

(Increases)/decreases in the District's total OPEB liability and related 'deferred inflows and outflows do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	(9,491,055)	
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Capital related differences

Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives as depreciation expense:

Capital Outlay	16,015,328		
Depreciation expense	<u>(5,486,033)</u>		10,529,295

Retainage payable is withheld from progress payments to contractors for ongoing capital projects until satisfactory completion. It is not a liability in the governmental funds until it is due and payable because it does not require the use of current financial resources, but it is a liability in the Statement of Net Position. Retainage payable decreased from the prior year by:	870,941	
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The net effect of capital asset disposals resulted in a decrease in net position.	(217,363)	
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Long-term debt transaction differences

Interest on long-term debt in the Statements of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from June 30, 2021 to June 30, 2022.	(10,579)	
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The amortization of the deferred premium on the bonds, decreases interest expense in the Statement of Activities	<u>301,850</u>		291,271
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Repayment of bond principal, finance purchase agreements, and installment purchase debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from the issuance of debt and finance purchase agreements provides current financial resources to the governmental funds, but incurring debt increases long-term liabilities in the Statement of Net Position.

Proceeds from bond issue	(6,221,000)		
Bond premium	(242,921)		
Proceeds from finance purchase agreements	(740,775)		
Repayment of bond principal	1,920,000		
Repayment of finance purchase agreements	433,455		
Repayment of installment purchase debt principal	<u>816,699</u>		<u>(4,034,542)</u>

Change in Net Position of Governmental Activities	<u>\$ 21,491,894</u>	
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See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	<u>Custodial</u>
ASSETS	
Cash	
Unrestricted	<u>\$ 100</u>
Total Assets	<u><u>\$ 100</u></u>
LIABILITIES	
Other liabilities	<u>\$ 100</u>
Total Liabilities	<u><u>\$ 100</u></u>
NET POSITION	
Net position	<u><u>\$ -</u></u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 9,493,125
PILOT collections for the Library	<u>118,161</u>
Total Additions	<u>9,611,286</u>
DEDUCTIONS	
Disbursements of real property taxes to the Library	9,493,125
Disbursements of PILOT to the Library	<u>118,161</u>
Total Deductions	<u>9,611,286</u>
Change in Net Position	-0-
Net Position - Beginning of Year	<u>-0-</u>
Net Position - End of Year	<u><u>\$ -0-</u></u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Great Neck Union Free School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for governmental units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting Entity

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

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 one of many participating school districts in the Board of Cooperative Educational Services of Nassau, ("BOCES"). BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES participant.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their participating member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under § 119-n(a) of the General Municipal Law ("GML"). A BOCES' budget is composed of separate budgets for administrative, program, and capital costs. Each participating district's share of administrative and capital cost is determined by resident public school district enrollment as defined in New York State Education Law, §1950(4)(b)(7). In addition, participating school districts pay tuition or a service fee for programs in which its students participate.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if any.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District's financial statements reflect the following major fund categories:

Governmental Funds:

General Fund – This 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 Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 by either governments that provide the funds, or by outside parties.

School Food Service Fund – This fund is used to account for the activities of the school food service programs.

Extraclassroom Activities Fund – This fund is used to account for the funds operated by and for the students of the District.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

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

Permanent Fund – This fund is used to account for endowment scholarship funds collected that benefit scholarships for students.

Debt Service Fund – This fund accounts for the accumulation of resources that are restricted for the payment of principal and interest on general long-term debt obligations.

Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition, construction, or major repair of capital facilities.

Fiduciary Funds – These funds are used to account for activities in which the District acts as trustee or agent 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 following are the District's fiduciary funds:

Custodial Fund – This fund is used to account for real property taxes and payments in lieu of taxes (PILOT) collected and disbursed on behalf of other governments.

D. Basis of Accounting and Measurement Focus

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

The governmental funds financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs, and other postemployment benefits 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 capital asset acquisitions and capital leases are reported as other financing sources.

E. Real Property Taxes and Other Tax Items

Real property taxes are levied annually by the Board no later than August 1st and become a lien on October 1st. Taxes are collected by the Town of North Hempstead and remitted to the District from November to June.

Uncollected real property taxes are enforced by of the County of Nassau in June. As a result, the District is assured of receiving 100% of its property tax levy.

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$3,896,415 in LIPA PILOT revenue during the 2021-2022 fiscal year.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

H. Interfund Transactions

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

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, revenues and expenditures activity.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of depreciation, pension costs, other postemployment benefits, workers' compensation liabilities, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

J. Cash and Cash Equivalents/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC")-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Cash and Cash Equivalents/Investments (continued)

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.

Investments are reported at fair value, more specifically described in Note 4.

K. Accounts Receivable

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

L. Leases

Lessor

The District is a lessor for noncancellable leases of buildings and land. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include (1) the discount rate, (2) the lease term and (3) lease payments. The District uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

M. Inventories

Inventories of food in the school food service 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. These inventories are accounted for on the consumption method. Under the consumption method, a current asset for inventories is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

A portion of fund balance has been classified as nonspendable to indicate that inventories do not constitute available spendable resources.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight line	7-50 years
Site improvements	\$ 5,000	Straight line	10-30 years
Furniture and equipment	\$ 1,500	Straight line	5-20 years

O. Deferred Outflows/Inflows of Resources

The Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 that time. These items are related to pensions and other postemployment benefits reported in the district-wide Statement of Net Position. They represent the effect of the net change in the District's proportion of the collective net pension asset (TRS and ERS Systems), the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and the differences between expected and actual experience and changes in assumptions in the net pension assets and other postemployment benefits and the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. See Note 12 and Note 14.

The Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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/expense credits) until that time. Deferred inflows of resources include deferred inflows relating to the leases. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease. In this category, the District reports items related to pensions that consist of differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments and changes in proportion differences between the District's contributions and its proportionate share of contributions. In addition on the governmental balance sheet deferred inflows of resources includes unavailable revenues when potential revenues do not meet the availability criteria for recognition in the current period.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them, as when program monies are received prior to the start of the program. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

Q. Employee Benefits

Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a portion of the value of unused accumulated sick leave. Certain collective bargaining agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within required time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

The liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

R. Other Benefits

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. Other postemployment benefits are measured and disclosed using the accrual basis of accounting in the district-wide financial statements. See Note 14.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. 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. No RANs or TANs were issued or outstanding during the year ended June 30, 2022.

The District may issue bond anticipation notes ("BAN"), in anticipation of proceeds from the subsequent issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. No BANs were issued or outstanding during the year ended June 30, 2022.

T. 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 from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. 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 and payable within one year or due and payable after one year in the Statement of Net Position.

U. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

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

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Equity Classifications (continued)

Fund Statements

In the fund statements, there are four classifications of fund balance:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventories recorded in the school food service fund, and nonexpendable scholarships which are recorded in the permanent fund.

Restricted - 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 established the following restricted fund balances:

Debt Service

The unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. This reserve is accounted for in the debt service fund.

Capital

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

Unspent bond proceeds

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

Unemployment Insurance

The 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 60 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Equity Classifications (continued)

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefit, primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time, due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Workers' Compensation

According to General Municipal Law §6-j, this reserve 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 60 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.

Retirement Contribution

The retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions, payable to the New York Teachers' Retirement System and the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detail report of the operations 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. This reserve is accounted for in the general fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year.

The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Scholarships

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Assigned fund balance includes an amount appropriated to partially fund the subsequent years budget, as well as encumbrances reported in the general fund. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Equity Classifications (continued)

Unassigned - Includes all other general fund amounts that do not meet the definition of the above three classifications and are deemed to be available for general use by the District. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

V. New Accounting Standards

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2022, The District adopted the following:

The District implemented the provisions of GASB Statement No. 87, "Leases," for the year ended June 30, 2022, which established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. This statement also requires a lessor to recognize a lease receivable and lease related deferred inflow of resources.

As a result, the District has reported a cumulative effect of change in accounting principle of \$2,090,857 for the lease receivable and a \$(2,090,857) lease related deferred inflow of resources for a net cumulative effect of \$0 to the June 30, 2022 fund balance of the general fund.

W. Future Changes in Accounting Standards

The following Statements have been issued by the Governmental Accounting Standards Board (GASB) and are to be implemented in future years:

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Future Changes in Accounting Standards (continued)

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories.

Long-Term Revenue and Expense Differences

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

Pension Differences

Pension differences occur as a result of recognizing pension costs under the modified accrual basis of accounting (whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan) versus the accrual basis of accounting (whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan).

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

Other Postemployment Benefit (OPEB) Differences

Other postemployment benefit (OPEB) differences occur as a result of changes in the District's total OPEB liability and OPEB expense.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that 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 of Education 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.

The following supplemental appropriations occurred during the year:

Various general and instructional expenditures funded by donations	\$ 24,688
Various equipment, supplies and materials expenditures funded by insurance recoveries	<u>133,769</u>
Total	<u>\$ 158,457</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgets (continued)

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 amounts assigned in the general fund's 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.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

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 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

Restricted cash represents cash and cash equivalents where use is limited by legal requirements.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

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

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- A. Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- C. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investments at fiscal year-end consisted of:

Scholarship funds are recorded in the Permanent Fund. The carrying amounts at June 30, 2022 totaled \$235,051, and the unrealized loss for the year was \$1,596. The types of investments held were U.S. Treasury Securities and a sweep account with investments in municipal bonds and they were held by the District's agent in the District's name.

Credit Risk – State law limits investments to those authorized by State statutes. The District has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3A, 5-G, §119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of June 30, 2022 are \$4,223,478,681 which consisted of \$1,151,932,927 in repurchase agreements, \$2,228,081,678 in U.S. Treasury Securities and \$843,464,076 in collateralized bank deposits, with various interest rates and due dates.

Investment pool assets are reported as cash as follows:

Fund	Carrying Amount
General Fund	\$ 5,166,917
School Food Service Fund	815,627
Capital Projects Fund	2,292,210
Scholarships Fund	219,777
	<u>\$ 8,494,531</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

The above amounts represent the market value of the investment pool shares. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System ("CLASS") which can be found on its website at www.newyorkclass.org.

5. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$7,311,597 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$731,162. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

6. DUE FROM STATE AND FEDERAL AID

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

General Fund:	
NYS Excess Cost Aid	\$ 653,339
NYS Transportation Aid	11,051
Federal Grants	<u>11,668</u>
	676,058
Special Aid Fund:	
Federal and State Grants	1,578,079
School Food Service Fund:	
Federal and State	
School Food Service Reimbursements	530,396
Capital Projects Fund:	
Dormitory Authority of the State of New York	<u>248,231</u>
Total Due From State and Federal	<u><u>\$ 3,032,764</u></u>

District management expects these amounts to be fully collectible.

7. DUE FROM OTHER GOVERNMENTS

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

General Fund:	
NYS - medicaid billing	\$ 100,959
Receiver of taxes -interest	2,756
BOCES	328,768
Other Districts	<u>2,566,035</u>
Total Due From Other Governments	<u><u>\$ 2,998,518</u></u>

District management expects these amounts to be fully collectible.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

8. LEASES RECEIVABLE

The District reports leases receivable and related deferred inflows of resources of \$1,811,110 and \$1,786,247, respectively, at June 30, 2022. For 2022, the District reported lease revenue of \$304,610 and interest revenue of \$12,563 related to lease payments received. These leases are summarized as follows:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Grace Avenue School	\$ 325,032	\$ 324,177	\$ 60,783	\$ 2,073
Grace Avenue School Social Center	439,360	438,204	82,163	2,803
Parkville Annex	1,046,718	1,023,866	161,664	7,687
	<u>\$1,811,110</u>	<u>\$1,786,247</u>	<u>\$ 304,610</u>	<u>\$ 12,563</u>

The District entered into a lease agreement with CLASP Children's Center, Inc. that commenced November 1, 1982 for the use of a portion of one of the District's schools. Based on this agreement, the District is receiving monthly payments through October 31, 2017. This lease agreement was amended on May 15, 2019 to extend the term of the lease through October 31, 2027.

The District entered into a lease with agreement with Great Neck Senior Citizens Center, Inc. that commenced November 1, 1982 for the use of a portion of one of the District's schools. Based on this agreement, the District is receiving monthly payments through October 31, 2017. This lease agreement was amended on May 15, 2019 to extend the term of the lease through October 31, 2027.

The District entered into a lease agreement with the Board of Trustees of the Great Neck Library for a term of 10 years that commenced on November 1, 1998 for the use of three rooms of one of the District's buildings. The lease agreement includes the option to renew the lease for an additional 10 years, if mutually agreed upon. Based on this agreement, the District is receiving monthly payments through October 31, 2018. This lease agreement was amended on October 15, 2018 to extend the term of the lease through October 31, 2028.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

9. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Capital assets that are not depreciated:				
Land	\$ 2,798,112			\$ 2,798,112
Construction in progress	61,265,056	\$ 13,208,319	\$ (26,809,425)	47,663,950
Total nondepreciable assets	64,063,168	13,208,319	(26,809,425)	50,462,062
Capital assets that are depreciated:				
Buildings and improvements	124,883,232	25,503,440	(125,782)	150,260,890
Site improvements	21,798,915	1,957,422	-	23,756,337
Furniture and equipment	32,093,093	2,155,572	(1,539,206)	32,709,459
Total depreciable assets	178,775,240	29,616,434	(1,664,988)	206,726,686
Less accumulated depreciation:				
Buildings and improvements	65,126,092	2,678,572	(28,905)	67,775,759
Site improvements	6,367,423	839,195	-	7,206,618
Furniture and equipment	18,531,591	1,968,266	(1,418,720)	19,081,137
Total accumulated depreciation	\$ 90,025,106	\$ 5,486,033	\$ (1,447,625)	94,063,514
Total capital assets, net				<u>\$ 163,125,234</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,789,610
Instruction	3,509,697
Pupil transportation	63,834
Community services	4,686
School food service program	118,206

Total governmental activities depreciation expense \$ 5,486,033

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2022, the District has not recorded any such impairment losses.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

10. INTERFUND TRANSACTIONS

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 9,230,626		\$ 298	\$ 12,351,088
Special Aid Fund		\$ 8,835,088	2,140,850	
School Food Service Fund	2,455		2,730	
Debt Service Fund	503,248		3,841,508	
Capital Projects Fund		901,241	6,366,000	298
Scholarships Fund		79,866		
Permanent Fund	79,866			
	<u>\$ 9,816,195</u>	<u>\$ 9,816,195</u>	<u>\$ 12,351,386</u>	<u>\$ 12,351,386</u>

Interfund receivables and payable are eliminated on the Statement of Net Position.

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

All interfund payables are expected to be repaid within one year.

The District typically transfers from the general fund to the special aid fund, debt service fund, and the capital projects fund in accordance with the general fund budget. The transfer to the special aid fund was for the District's share of the cost for the summer handicapped, state supported Section 4201 schools, pre-k and integrated programs. The transfer to the debt service fund was for the repayment of principal and interest on outstanding bond indebtedness. The transfer to the capital projects fund was for district-wide improvements per the approved budget. The transfer to the general fund from the capital projects fund was to move unspent funds from completed projects back to the general fund.

11. LONG-TERM DEBT

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

	Beginning balance	Additions	Reductions	Ending balance	Non-current liabilities due and payable within one year	Non-current liabilities due and payable after one year
Long-term debt:						
General obligation bonds	\$ 52,885,000	\$ 6,221,000	\$ 1,920,000	\$ 57,186,000	\$ 2,201,000	\$ 54,985,000
Add: Premiums on obligations	5,596,649	242,921	301,850	5,537,720	313,996	5,223,724
	<u>58,481,649</u>	<u>6,463,921</u>	<u>2,221,850</u>	<u>62,723,720</u>	<u>2,514,996</u>	<u>60,208,724</u>
Finance purchase agreements	647,142	740,775	433,455	954,462	362,462	592,000
Installment purchase debt (energy performance contract)	3,470,346		816,699	2,653,647	849,724	1,803,923
Other postemployment benefits	338,606,587	17,125,561	113,295,790	242,436,358		242,436,358
Compensated absences	16,467,275	168,206	163,309	16,472,172	823,609	15,648,563
Workers' compensation claims payable	3,546,036	1,268,946	997,068	3,817,914	190,896	3,627,018
Net pension liability - proportionate share	16,604,232	-	16,604,232	-	-	-
Total non-current liabilities	<u>\$ 437,823,267</u>	<u>\$ 25,767,409</u>	<u>\$ 134,532,403</u>	<u>\$ 329,058,273</u>	<u>\$ 4,741,687</u>	<u>\$ 324,316,586</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

11. LONG-TERM DEBT (continued)

The general fund is used to liquidate long-term liabilities such as compensated absences, workers' compensation claims, and other postemployment benefits when they become due.

In June 2022, the District issued a serial bond in the amount of \$6,221,000 maturing in June 2042 with an interest rate from 4% to 5%, and a premium of \$242,921

Existing serial bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/22
Serial Bond	June 2019	June 2039	2.75-5.00%	\$ 31,220,000
Serial Bond	June 2020	June 2040	2.00-5.00%	8,535,000
Serial Bond	June 2021	June 2041	2.00-5.00%	11,210,000
Serial Bond	June 2022	June 2042	4.00-5.00%	6,221,000
				<u>\$ 57,186,000</u>

The following is a summary of debt service requirements for the serial bond obligations:

	Principal	Interest	Total
Year ending June 30, 2023	\$ 2,201,000	\$ 2,098,153	\$ 4,299,153
2024	2,310,000	1,997,775	4,307,775
2025	2,425,000	1,882,275	4,307,275
2026	2,540,000	1,761,025	4,301,025
2027	2,670,000	1,634,025	4,304,025
2028-2032	15,325,000	6,185,875	21,510,875
2033-2037	18,330,000	3,167,456	21,497,456
2038-2042	11,385,000	684,044	12,069,044
Totals	<u>\$ 57,186,000</u>	<u>\$ 19,410,628</u>	<u>\$ 76,596,628</u>

The District is amortizing bond premiums. The amortization is netted against the bonds payable and is calculated on a straight-line basis over the respective bond terms, as applicable. The future net amortization is as follows:

Year ended June 30, 2023	\$ 313,996
2024	313,996
2025	313,996
2026	313,996
2027	313,996
2028-2032	1,569,980
2033-2037	1,569,980
2038-2042	827,780
Total	<u>\$5,537,720</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

11. LONG-TERM DEBT (continued)

Interest on long-term debt for the year ended June 30, 2022 was comprised of:

Interest paid	\$2,058,806
Less: interest accrued in the prior year	(71,948)
Less: amortization of premium	(301,850)
Plus: interest accrued in the current year	<u>82,527</u>
Total interest expense on long-term debt	<u><u>\$1,767,535</u></u>

The District has purchased various iPads that are being financed between four to five years at interest rates ranging from 0.59% to 1.57%. The assets and related obligations are accounted for in the district-wide financial statements and are included in the summary for finance purchase agreements. See Note 8. The cost of the equipment that was capitalized, which is included in furniture and equipment, is \$2,963,015 and accumulated depreciation as of June 30, 2022 is \$1,907,043.

The following is a summary of finance purchase agreement requirements:

	<u>Total</u>
2023	\$ 369,190
2024	298,555
2025	149,903
2026	<u>149,903</u>
Total minimum payments	967,551
Less amounts representing interest	<u>13,089</u>
	<u><u>\$ 954,462</u></u>

The District entered into an installment purchase agreement to finance their energy performance contract in July 2007, which provides for equal semiannual payments including interest at 4.003%, with a final payment in June 2025.

The following is a summary of installment purchase debt obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30, 2023	\$ 849,724	\$ 97,824	\$ 947,548
2024	884,086	63,463	947,549
2025	<u>919,837</u>	<u>27,712</u>	<u>947,549</u>
Totals	<u><u>\$ 2,653,647</u></u>	<u><u>\$ 188,999</u></u>	<u><u>\$ 2,842,646</u></u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS

A. Pension Obligations

New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement ("TRS") (the "System(s)").

B. Plan Descriptions And Benefits Provided

Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement 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 net 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 ("NYSRSSL").

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

Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report ("CAFR") which can be found on the System's website at www.nystrs.org.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who contribute 3.0 ERS to 3.5 TRS percent of their salary for their entire length of service. In addition, employees that joined after April 1, 2012 are required to contribute between 3% and 6% depending on their salary through active membership. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.99% of covered payroll for the ERS' fiscal year ended March 31, 2022.

The District's share of required contributions, based on covered payroll for the District's year ended June 30, 2022 was \$10,368,858 for TRS, at the contribution rate of 9.80%, and \$3,638,036 for ERS at an average contribution rate of 15.55%.

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) were measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Net pension asset	\$ 5,356,820	\$108,571,328
District's portion of the Plan's total net pension asset	0.0655302%	0.626528%
Change in proportion since the prior measurement date	0.0008408	0.027969

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

For the year ended June 30, 2022, the District's recognized pension expense (credit) of \$763,355 for ERS and \$(6,198,501) TRS. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 405,679	\$ 14,965,406	\$ 526,189	\$ 564,074
Changes of assumptions	8,939,932	35,711,379	150,852	6,323,960
Net difference between projected and actual earnings on pension plan investments			17,541,340	113,631,128
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,401,838	796,561	282,191	1,260,230
District's contributions subsequent to the measurement date	<u>658,829</u>	<u>10,368,858</u>		
Total	<u>\$ 11,406,278</u>	<u>\$ 61,842,204</u>	<u>\$ 18,500,572</u>	<u>\$ 121,779,392</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ending June 30, 2023	\$ (939,267)	\$ (13,989,389)
2024	(1,665,937)	(16,422,674)
2025	(4,343,878)	(20,837,821)
2026	(804,041)	(27,500,760)
2027	-0-	4,951,043
Thereafter	-0-	3,493,556
	<u>\$ (7,753,123)</u>	<u>\$ (70,306,045)</u>

E. 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

E. Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.70%	2.40%
Cost of living adjustment	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2021 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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation, as of the actuarial valuation date, are summarized in the following table:

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

E. Actuarial Assumptions (continued)

	ERS		TRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date		March 31, 2022		June 30, 2021
Asset type				
Domestic equity	32.0%	3.30%	33.0%	6.80%
International equity	15.0%	5.85%	16.0%	7.60%
Global equity			4.0%	7.10%
Private equities	10.0%	6.50%	8.0%	10.00%
Real estate	9.0%	5.00%	11.0%	6.50%
Absolute return strategies*	3.0%	4.10%		
Real assets	3.0%	5.58%		
Bonds and mortgages	23.0%	0.00%		
Cash	1.0%	-1.00%		
Inflation-indexed bonds	4.0%	3.78%		
Domestic fixed income securities			16.0%	1.30%
Global fixed income securities			2.0%	0.80%
High-yield fixed income securities			1.0%	3.80%
Private debt			1.0%	5.90%
Real estate debt			7.00%	3.30%
Cash and equivalents			1.00%	-0.20%
	<u>100.0%</u>		<u>100.0%</u>	

Real rates of return are net of the long-term inflation assumptions of 2.4% (TRS) and of 2.5% (ERS).

*Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net positions were 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

G. Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 6.95% 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 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (13,788,396)	\$ 5,356,820	\$ 21,370,869
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share Of the net pension asset/(liability)	\$ 11,392,978	\$ 108,571,328	\$ 190,242,679

H. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Employers' total pension liability	\$ (223,874,888)	\$ (130,819,415)
Plan Fiduciary Net Position	232,049,473	148,148,457
Employers' net pension asset	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	103.65%	113.25%

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

12. PENSION PLANS (continued)

I. PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$658,829.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS covered wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$10,368,858 of employer contributions and \$992,935 of employee contributions.

13. OTHER PENSION 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, 2022, totaled \$669,554 and \$7,750,630, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan.

The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$1,042,435.

14. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District, established a single-employer defined benefit OPEB plan for its employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

B. Benefits Provided

Medical coverage, including prescription drugs as part of the medical plan, is offered to retirees on a fully insured basis through the New York State Health Insurance Program (NYSHIP, the Empire Plan) and HIP. Retirement is available, if the employee has obtained the age of 55 and completed 5 years of service (10 for the Assistant Superintendent) with Great Neck School District. The District will also reimburse the full premium costs for Medicare part B payments. This contract will be renegotiated at various times in the future. Healthcare benefits for non-union employees are similar to those of union employees. Upon death of a retiree, the District will continue the Medicare part B reimbursement for the non-remarried spouse. Subsidized medical coverage for the non-remarried spouse will only be for three (3) months and then they pay 100% of the cost thereafter.

For retirees, the contribution rate is 50% of premium for single coverage and 65% for dependent coverage.

C. Employees Covered by Benefit Terms

The number of participants as of July 1, 2019, the effective date of the OPEB valuation, is as follows:

	<u>Participants</u>
Active employees	1,139
Inactive employees or beneficiaries currently receiving benefit payments	<u>788</u>
Total	<u>1,927</u>

For valuation purposes, the 25 active and retirees, utilizing the second medical plan are assumed to be enrolled in the NYSHIP plan in retirement.

There have been no significant changes in the number of participants or the type of coverage since that date.

D. Total OPEB Liability

The District's total OPEB liability of \$242,436,358 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2019, with update procedures used to roll forward the OPEB liability to the measurement date.

E. Funding Policy

The District currently pays for other postemployment benefits on a pay-as-you-go basis.

F. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs (continued)

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	3.00%
Discount rate	3.77%
Healthcare cost trend rates	
Pre-65	7.0% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026
Post-65	7.0% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026

The discount rate was based on an average of three 20 -year bond indices (e.g. Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2022. The average discount rate is 3.77%, which is a change from the prior valuation discount rate of 2.09%.

Mortality rates were based on the Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality Tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2019.

The decrement tables used for this valuation are based on the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The current valuation reflects tables released in 2015 for ERS and TRS.

In the July 1, 2021 actuarial valuation, the liabilities were computed using the entry age normal method, using the level percentage of payroll method on an open basis to amortize the initial unfunded liability.

Other changes impacting the valuation were due to the implementation of an aging assumption, changes in plan costs and the number of employees. The impact of fees imposed by the Patient Protection and Affordable Care Act (PPACA), based on current legislation was considered in the valuation.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in the Total OPEB Liability

The following table shows the components of the District's other postemployment benefits liability:

	Total OPEB Liability
Balance at June 30, 2021	\$ 338,606,587
Changes for the year:	
Service cost	4,474,993
Interest on total OPEB liability	12,650,568
Changes of assumptions or other inputs	(107,200,307)
Benefit payments	(6,095,483)
Net Changes	(96,170,229)
Balance at June 30, 2022	<u>\$ 242,436,358</u>

The changes of assumptions or other inputs reflects the change in the discount rate from 2.09% to 3.77%.

H. 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 (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	One Percent Decrease (2.77%)	Current Discount Rate (3.77%)	One Percent Increase (4.77%)
Total OPEB liability	\$ (298,174,579)	\$ (242,436,358)	\$ (201,038,160)

I. 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 is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	One Percent Decrease (6.0% to 3.5%)	Healthcare Cost Trend Rates (7.0% to 4.5%)	One Percent Increase (8.0% to 5.5%)
Total OPEB liability	\$ (194,064,402)	\$ (242,436,358)	\$ (308,785,412)

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$15,586,538. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	<u>\$ 52,609,620</u>	<u>\$ (90,331,651)</u>

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

For the years ending June 30, 2023	\$ (1,539,023)
2024	(1,539,023)
2025	(3,468,376)
2026	(9,798,913)
2027	(15,388,325)
Thereafter	<u>(5,988,371)</u>
	<u>\$ (37,722,031)</u>

15. COMPENSATED ABSENCES

District employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of June 30, 2022, the value of the accumulated vacation time and sick leave was \$16,773,819, of which \$301,647 is recorded as accrued liabilities in the general fund.

16. RISK MANAGEMENT

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

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

16. RISK MANAGEMENT (continued)

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 claims that were incurred but not reported ("IBNR") as of year-end. The actuarial assumptions utilized a 3% discount rate.

	2022	2021
Unpaid claims at beginning of year	\$ 3,546,036	\$ 3,919,825
Incurred claims and claim adjustments	1,268,946	253,557
Claim payments	<u>(997,068)</u>	<u>(627,346)</u>
Unpaid claims at year end	<u>\$ 3,817,914</u>	<u>\$ 3,546,036</u>

17. FUND BALANCES – ASSIGNED: APPROPRIATED FOR SUBSEQUENT YEAR'S BUDGET

The amount of \$8,614,076 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2023.

18. FUND BALANCES - RESTRICTED - APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023:

Retirement contribution - ERS	\$ 2,582,664
Retirement contribution - TRS	2,076,561
Workers' compensation	1,100,000
Unemployment insurance	100,000
Employee Benefit Accrued Liability	<u>200,000</u>
	<u>\$ 6,059,225</u>

19. COMMITMENTS AND CONTINGENCIES

A. 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

19. COMMITMENTS AND CONTINGENCIES (continued)

B. Litigation

General

The District is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

C. Encumbrances

At June 30, 2022, the District encumbered the following amounts:

	<u>General</u>	<u>Capital Projects</u>
Restricted:		
Capital Projects		\$ 10,152,870
Assigned:		
General Support	\$ 1,442,754	
Instruction	529,585	
Pupil Transportation	1,952	
Community Services	1,992	
Employee Benefits	4,551	
Capital Projects		<u>3,784,058</u>
Total Encumbrances	<u>\$ 1,980,834</u>	<u>\$ 13,936,928</u>

20. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2016
Number of Years to Fund	10
Maximum Funding	<u>\$ 19,000,000</u>
General Fund	
Funding Provided Since Inception	\$ 19,000,000
Interest Earnings Since Inception	6,997
Use of Reserve Since Inception	<u>(19,006,997)</u>
Total General Fund	<u>-0-</u>
Capital Projects Fund	
Funding Provided Since Inception	19,006,997
Use of Reserve Since Inception	<u>(17,784,658)</u>
Total Capital Projects Fund at June 30, 2022	<u>\$ 1,222,339</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

21. TAX ABATEMENTS

The District is subject to tax abatements granted by the Nassau County Industrial Development Agency ("NCIDA"), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and an industry base to prevent unemployment. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, as a condition of providing assistance, may require that the benefiting company remit a payment in lieu of taxes ("PILOT") payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. In the case of the District, NCIDA granted abatements have resulted in reductions of property taxes, which is administered as a temporary reduction in the assessed value of the property involved. For the year ended June 30, 2022, the amount of District property tax abated was \$6,700,139 and the payment in lieu of taxes received was \$2,649,415.

22. SUBSEQUENT EVENT

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment or disclosure in the financial statements, except for the following:

On July 15, 2022, the District entered into a Finance Purchase Agreement with Apple, Inc. for the purchase of iPad tablets. The total payment of \$662,732 which reflects a 0.49% interest rate, will be funded from the District technology budget and paid off over a period of four years with an annual payment of \$149,903, commencing on July 15, 2022 and ending on July 15, 2025.

GREAT NECK UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual		Variance With Final Budget
REVENUES					
Local Sources					
Real property taxes	\$ 217,072,046	\$ 212,468,861	\$ 212,552,486		\$ 83,625
Other tax items	6,654,494	11,257,679	11,151,772		(105,907)
Charges for services	5,120,900	5,120,900	5,726,244		605,344
Use of money and property	1,244,517	1,244,517	979,515		(265,002)
Sale of property and compensation for loss	17,000	150,769	255,271		104,502
Miscellaneous	336,500	361,188	566,067		204,879
Total Local Sources	230,445,457	230,603,914	231,231,355		627,441
State aid	10,037,243	10,037,243	9,977,076		(60,167)
Federal aid	25,000	25,000	275,505		250,505
Total Revenues	240,507,700	240,666,157	241,483,936		817,779
OTHER FINANCING SOURCES					
Transfers from other funds	150,000	150,000	298		(149,702)
Total Revenues and Other Financing Sources	240,657,700	240,816,157	<u>\$ 241,484,234</u>		<u>\$ 668,077</u>
Assigned fund balances	4,220,396	4,220,396			
Appropriated reserves	8,352,777	8,352,777			
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	<u>\$ 253,230,873</u>	<u>\$ 253,389,330</u>			
	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance With Final Budget and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 221,898	\$ 225,553	\$ 169,257	\$ -	\$ 56,296
Central administration	383,647	395,005	395,005		-
Finance	1,927,437	1,960,810	1,886,169	74,641	-
Staff	1,471,519	2,011,673	1,735,735	27,502	248,436
Central services	21,751,307	23,949,683	21,254,414	1,340,611	1,354,658
Special items	2,576,251	2,738,327	2,560,445		177,882
Total General Support	28,332,059	31,281,051	28,001,025	1,442,754	1,837,272
Instruction					
Instruction, administration and improvement	8,810,095	8,918,143	8,547,279	156,244	214,620
Teaching - regular school	74,460,819	74,675,719	70,373,781	193,088	4,108,850
Programs for children with disabilities	37,131,424	37,167,662	36,748,257	7,129	412,276
Teaching - special school	1,530,903	1,534,903	997,314	2,388	535,201
Instructional media	2,674,634	2,698,275	2,512,795	71,339	114,141
Pupil services	7,527,571	7,519,780	7,035,143	99,397	385,240
Total Instruction	132,135,446	132,514,482	126,214,569	529,585	5,770,328
Pupil Transportation	16,475,557	16,565,229	15,018,797	1,952	1,544,480
Community Services	781,441	883,441	583,915	1,992	297,534
Employee Benefits	62,057,227	58,223,376	54,496,945	4,551	3,721,880
Debt Service - principal	440,000	1,250,155	1,250,155		-
Debt Service - interest	475,000	137,453	137,297		156
Total Expenditures	240,696,730	240,855,187	225,702,703	1,980,834	13,171,650
OTHER FINANCING USES					
Transfers to other funds	12,534,143	12,534,143	12,351,088		183,055
Total Expenditures and Other Uses	<u>\$ 253,230,873</u>	<u>\$ 253,389,330</u>	238,053,791	<u>\$ 1,980,834</u>	<u>\$ 13,354,705</u>
Net Change in Fund Balance			3,430,443		
Fund Balance - Beginning of Year			71,293,085		
Fund Balance - End of Year			<u>\$ 74,723,528</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

GREAT NECK UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
For the Last Five Fiscal Years

Period	Total OPEB Liability - Beginning of the Period	Service cost	Interest on Total OPEB Liability	Differences between expected and actual experience	Changes in benefit terms	Changes of assumptions or other inputs	Benefit payments	Total OPEB Liability - End of the Period	Covered- employee payroll	Total OPEB Liability as a Percentage of Covered- employee Payroll
July 1, 2021 - June 30, 2022	\$ 338,606,587	\$ 4,474,993	\$ 12,650,568	\$ -0-	\$ -0-	\$ (107,200,307)	\$ (6,095,483)	\$ 242,436,358	N/A *	
July 1, 2020 - June 30, 2021	\$ 304,015,603	\$ 7,636,010	\$ 6,292,919	\$ -0-	\$ -0-	\$ 26,500,013	\$ (5,837,958)	\$ 338,606,587	N/A *	
July 1, 2019 - June 30, 2020	\$ 245,370,125	\$ 6,572,568	\$ 5,916,828	\$ -0-	\$ -0-	\$ 51,910,466	\$ (5,754,384)	\$ 304,015,603	\$ 103,673,779	293.24%
July 1, 2018 - June 30, 2019	\$ 221,272,880	\$ 2,842,276	\$ 7,369,331	\$ -0-	\$ -0-	\$ 19,009,334	\$ (5,123,696)	\$ 245,370,125	N/A *	
July 1, 2017 - June 30, 2018	\$ 216,227,799	\$ 2,524,236	\$ 7,481,167	\$ -0-	\$ -0-	\$ -0-	\$ (4,960,322)	\$ 221,272,880	\$ 88,646,594	249.61%

* Not available in interim valuation year

Notes to Schedule:

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

The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2022	3.77%
2021	2.09%
2020	2.44%
2019	3.10%
2018	3.50%

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

GREAT NECK UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
For the Last Eight Fiscal Years

NYSERS	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0655302%	0.0646893%	0.0673596%	0.0705394%	0.0726173%	0.0754953%	0.0816308%	0.0760734%
District's proportionate share of the net pension asset/(liability)	\$ 5,356,820	\$ (64,414)	\$ (17,837,219)	\$ (4,997,929)	\$ (2,343,682)	\$ (7,093,710)	\$ (13,101,975)	\$ (2,569,947)
District's covered-employee payroll	23,115,359	22,739,269	22,877,663	22,964,670	23,055,785	23,372,487	24,558,706	23,897,478
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	23.17%	0.28%	77.97%	21.76%	10.17%	30.35%	53.35%	10.75%
Plan fiduciary net position as a percentage of the total pension asset/(liability) coming from plan.	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
NYSTRS	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.626528%	0.598559%	0.591647%	0.598482%	0.603227%	0.620657%	0.617738%	0.608130%
District's proportionate share of the net pension asset/(liability)	\$ 108,571,328	\$ (16,539,818)	\$ 15,371,031	\$ 10,822,130	\$ 4,585,127	\$ (6,647,497)	\$ 64,163,301	\$ 67,741,925
District's covered-employee payroll	107,693,266	102,817,212	100,230,613	99,770,814	96,950,900	97,095,839	94,210,358	91,128,639
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	100.82%	16.09%	15.34%	10.85%	4.73%	6.85%	68.11%	74.34%
Plan fiduciary net position as a percentage of the total pension asset/(liability) coming from plan.	113.25%	97.76%	102.16%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

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

GREAT NECK UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
For the Last Ten Fiscal Years

	NYSERS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 3,638,036	\$ 3,316,945	\$ 3,291,585	\$ 3,381,306	\$ 3,484,201	\$ 3,540,358	\$ 4,359,556	\$ 4,256,629	\$ 4,608,380	\$ 4,312,474
Contributions in relation to the contractually required contribution	3,638,036	3,316,945	3,291,585	3,381,306	3,484,201	3,540,358	4,359,556	4,256,629	4,608,380	4,312,474
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 23,392,225	\$ 22,785,966	\$ 22,892,933	\$ 22,799,706	\$ 23,030,643	\$ 23,351,504	\$ 24,562,999	\$ 24,520,278	\$ 22,934,381	\$ 23,270,064
Contributions as a percentage of covered-employee payroll	15.55%	14.56%	14.38%	14.83%	15.13%	15.16%	17.75%	17.36%	20.09%	18.53%
	NYSTRS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 10,368,858	\$ 10,134,385	\$ 9,001,274	\$ 10,487,836	\$ 9,553,626	\$ 11,203,581	\$ 12,699,584	\$ 16,266,550	\$ 14,597,995	\$ 10,514,953
Contributions in relation to the contractually required contribution	10,368,858	10,134,385	9,001,274	10,487,836	9,553,626	11,203,581	12,699,584	16,266,550	14,597,995	10,514,953
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 107,126,290	\$ 107,693,266	\$ 102,817,212	\$ 100,230,613	\$ 99,770,814	\$ 96,950,900	\$ 97,095,839	\$ 94,210,358	\$ 91,128,639	\$ 90,349,285
Contributions as a percentage of covered-employee payroll	9.68%	9.41%	8.75%	10.46%	9.58%	11.56%	13.08%	17.27%	16.02%	11.64%

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

GREAT NECK UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 252,194,682
Add: Prior year's encumbrances	<u>1,036,191</u>
Original Budget	253,230,873
Add: Budget revisions	<u>158,457</u>
Final Budget	<u><u>\$ 253,389,330</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	<u><u>\$ 261,432,690</u></u>
Maximum allowed (4% of 2022-23 budget)	<u><u>\$ 10,457,308</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$10,594,910
Unassigned fund balance	<u>10,457,308</u>
	\$ 21,052,218
Less:	
Appropriated fund balance	\$ 8,614,076
Encumbrances	<u>1,980,834</u>
	<u>10,594,910</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 10,457,308</u></u>
Actual Percentage	4.00%

GREAT NECK UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING RESOURCES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

PROJECT TITLE	Budget June 30, 2022	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Five-Year Capital Plan										
Clover Drive Center		\$ 13,490	\$ 21,967	\$ 35,457						
District-wide		26,807	166,606	193,413						
EM Baker School		139,802	324,389	464,191						
North High School		143,009		143,009						
North Middle School		166,146		166,146						
Saddle Rock		105,427		105,427						
South High School		866,528	1,136,317	2,002,845						
South Middle School		270,893	104,434	375,327						
Grace Ave		68,835	9,244	78,079						
Transfer to General Fund			298	298						
Total Five-Year Capital Plan	\$ 7,389,040	1,800,937	1,763,255	3,564,192	\$ 3,824,848	\$ -0-	\$ -0-	\$ 7,389,040	\$ 7,389,040	\$ 3,824,848
Technology Enhancements										
District-wide		2,202,295	253,694	2,455,989						
EM Baker School		398,580	16,919	415,499						
John F. Kennedy School		377,016	17,600	394,616						
Lakeville School		512,263	20,000	532,263						
North High School		223,836		223,836						
North Middle School		230,622		230,622						
Parkville School		134,954	16,824	151,778						
Saddle Rock		353,874	20,444	374,318						
South High School		245,229		245,229						
South Middle School		221,085		221,085						
Unallocated - Elementary		531,330		531,330						
Village School		134,117		134,117						
District-wide - finance purchase agreements		-	740,775	740,775						
Total Technology Enhancements	7,238,136	5,565,201	1,086,256	6,651,457	586,679	-0-	-0-	7,238,136	7,238,136	586,679
Building Conditions Projects										
Clover Drive Center		522,288	4,797	527,085						
Cumberland Center		1,327,267		1,327,267						
District-wide		585,466	154,575	740,041						
EM Baker School		1,056,269	249,850	1,306,119						
Grace Avenue		151,420		151,420						
Inland Building		52,747	67,334	120,081						
John F. Kennedy School		1,450,624	13,607	1,464,231						
Lakeville School		1,087,856	42,027	1,129,883						
North High School		2,025,541	284,358	2,309,899						
North Middle School		1,833,731	440,607	2,274,338						
Parkville School		1,565,470	41,901	1,607,371						
Phipps Administration		362,700	289,377	652,077						
Saddle Rock		1,238,558	351,247	1,589,805						
South Grounds		1,239,793		1,239,793						
South High School		1,633,644	274,747	1,908,391						
South Middle School		1,478,200	170,595	1,648,795						
Village School		331,013	7,068	338,081						
Total Building Conditions Projects	32,616,718	17,942,587	2,392,090	20,334,677	12,282,041	-0-	581,567	32,035,151	32,616,718	12,282,041
Smart Schools Bond Act										
District-wide	51,864	51,864		51,864			51,864			
Carried forward	\$ 47,295,758	\$ 25,360,589	\$ 5,241,601	\$ 30,602,190	\$ 16,693,568	\$ -	\$ 633,431	\$ 46,662,327	\$ 47,243,894	\$ 16,693,568

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

GREAT NECK UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING RESOURCES - CAPITAL PROJECTS FUND (continued)
For the Year Ended June 30, 2022

PROJECT TITLE	Budget June 30, 2022	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Brought forward	\$ 47,295,758	\$ 25,360,589	\$ 5,241,601	\$ 30,602,190	\$ 16,693,568	\$ -0-	\$ 633,431	\$ 46,662,327	\$ 47,243,894	\$ 16,693,568
Proposition 2019										
EM Baker School		25,405	303,800	329,205						
Lakeville School		11,175	74,863	86,038						
Total Proposition 2019	9,749,469	\$ 36,580	\$ 378,663	415,243	9,334,226	-0-	-0-	9,749,469	9,749,469	9,334,226
Proposition 2012										
District-wide		8,117		8,117						
Total Proposition 2012	8,117	\$ 8,117	-	8,117	-0-	-0-	-0-	8,117	8,117	-0-
Proposition 2016 (Capital Reserve)										
Clover Drive		58,656	2,545	61,201						
Cumberland Center		58,542	2,541	61,083						
EM Baker School		1,368,577	8,785	1,377,362						
Grace Avenue		63,807	2,827	66,634						
John F. Kennedy School		1,974,856	12,545	1,987,401						
Lakeville School		1,360,380	12,733	1,373,113						
North High School		3,360,684	110,971	3,471,655						
North Middle School		1,962,067	23,408	1,985,475						
Parkville School		2,526,596	13,902	2,540,498						
Phipps Administration		1,379,186	5,929	1,385,115						
Saddle Rock		1,784,218	5,746	1,789,964						
South High School		964,342	18,412	982,754						
South Middle School		623,876	18,342	642,218						
Village School		57,644	2,541	60,185						
Total Proposition 2016	19,006,997	17,543,431	241,227	17,784,658	1,222,339	-0-	-0-	19,006,997	19,006,997	1,222,339
Proposition 2017 (Bond Projects)										
Clover Drive		2,516	81,968	84,484						
EM Baker School		7,180,385	2,400,488	9,580,873						
Grace Avenue		2,430		2,430						
John F. Kennedy School		3,913,345	169,648	4,082,993						
Lakeville School		1,239,080	1,544,088	2,783,168						
North High School		2,266,961	32,946	2,299,907						
North Middle School		878,578	2,057,295	2,935,873						
Parkville School		1,586,428	126,497	1,712,925						
Phipps Administration		3,046	119,747	122,793						
Saddle Rock		1,515,730	1,458,064	2,973,794						
South High School		14,613,074	701,403	15,314,477						
South Middle School		13,780,022	1,635,646	15,415,668						
Village School		4,990		4,990						
Total Proposition 2017	77,847,217	46,986,585	10,327,790	57,314,375	20,532,842	68,339,262	-0-	9,507,955	77,847,217	20,532,842
DASNY Grant										
District-wide	248,231		248,231	248,231			248,231		248,231	-0-
Totals	\$ 154,155,789	\$ 89,935,302	\$ 16,437,512	\$ 106,372,814	\$ 47,782,975	\$ 68,339,262	\$ 881,662	\$ 84,934,865	\$ 154,103,925	47,782,975
										Unissued Bonds (363,333)
										DASNY grant revenue not realized (248,231)
										Capital Projects Fund - Fund Balance \$ 47,171,411

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

GREAT NECK UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
June 30, 2022

Capital assets, net			\$163,125,234
Deduct:			
Premium on bonds payable	\$ 5,537,720		
Short-term portion of bonds payable	2,201,000		
Long-term portion of bonds payable	54,985,000		
Less: Unspent bond proceeds	(20,169,509)		
Short-term portion of finance purchase agreements payable	362,462		
Long-term portion of finance purchase agreements payable	592,000		
Short-term portion of installment purchase debt	849,724		
Long-term portion of installment purchase debt	<u>1,803,923</u>	<u>(46,162,320)</u>	
Net Investment in capital assets			<u><u>\$116,962,914</u></u>

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



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

To the Board of Education
Great Neck Union Free School District
Great Neck, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Great Neck Union Free School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2022. That report included a qualified opinion on the extraclassroom activities fund opinion unit based on a scope limitation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Great Neck Union Free School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Great Neck Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Great Neck Union Free School District's internal control.

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the Great Neck Union Free School District in a separate letter dated November 15, 2022.

Purpose of this Report

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

Cullen & Danowski, LLP

November 15, 2022

