



## **Great Neck Public Schools**

Where Discovery Leads to Greatness

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

**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 Financial Statements**

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Summary of Opinions***

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

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

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

### ***Qualified Opinion***

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

### ***Unmodified Opinions***

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

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

As described in Note 21 to the financial statements, “Changes in Accounting Principles”, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of 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 pension contributions on pages 4 through 19 and 66 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

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

#### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Great Neck Union Free School District's basic financial statements. The other supplementary information on pages 70 through 73 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021 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 12, 2021

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

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, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-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**

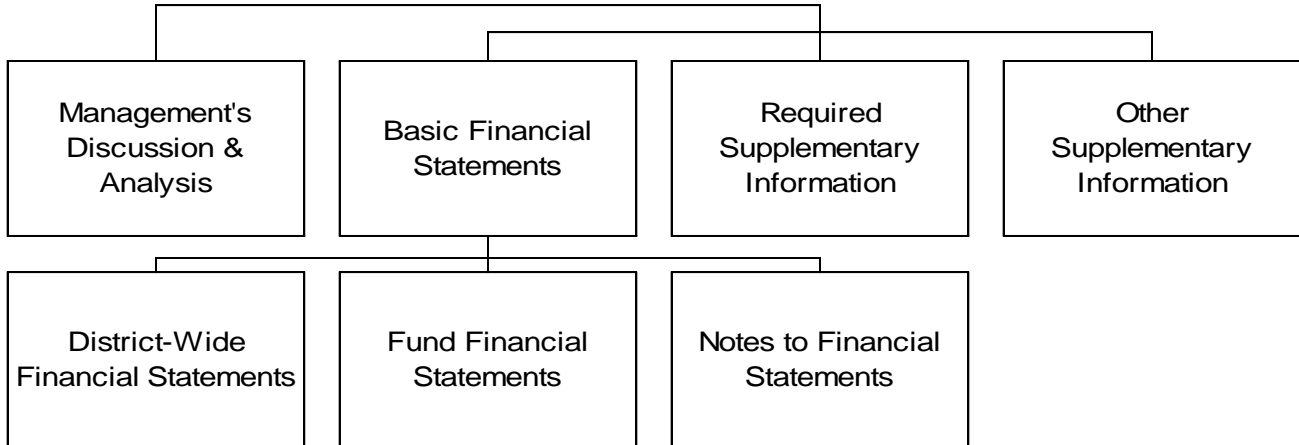
Key financial highlights for year 2021 are as follows:

- The District implemented Governmental Accounting Standards Board Statement No. 84, "*Fiduciary Activities*," in 2021. This resulted in the restatement of opening net position for the district-wide financial statements and opening fund balance for several special revenue funds effective July 1, 2020. See note 21, "Restatement of Fund Balance and Net Position" for further information.
- On the district-wide financial statements, total net position (deficit) decreased by \$26,662,220 to \$(53,259,351) for the year ended June 30, 2021, compared to a net position (deficit) balance of \$(26,597,131) at June 30, 2020.
- On the district-wide financial statements, the District's expenses for the year totaled \$270,301,025. Of this amount, \$12,117,859 was offset by program charges for services, operating grants and contributions and capital grants. General revenues of \$231,520,946 amount to 95% of total revenues.
- The general fund's total fund balance, as reflected on the Balance Sheet in the fund financial statements, increased by \$6,277,913 to \$71,293,085.
- On the Balance Sheet, the general fund's unassigned fund balance at year end was \$10,087,787. This represents an increase of \$461,769 over the prior year.
- The District's 2021 property tax levy of \$212,857,469 was a 2.57% increase over the 2020 tax levy. The District's property tax cap was 4.16%.
- On June 29, 2021 the District issued bonds with a par value of \$11,610,000 and received a net premium of \$1,171,766 in relation to the 2017 voter approved capital project. The voters approved a total borrowing of \$68,339,262 and will use the premium received to offset future borrowings, leaving \$6,827,254 to be borrowed as the project progresses.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts - Management's Discussion and Analysis (MD&A), the financial statements, required supplementary information, and other supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A 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, 2021

**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			
	District-Wide	Fund Financial Statements	
		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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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, 2021

**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, 2021

**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, you 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**

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statements No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had been previously recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities, scholarships, and permanent funds as separate governmental funds. The changes resulted in an increase to total net position. The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
	<hr/>	<hr/>	<hr/>
Current and other assets	\$ 148,811,154	\$ 147,421,879	\$ 1,389,275
Current and Other liabilities	25,641,051	25,454,255	186,796
Restricted Net Position	54,723,930	54,065,410	658,520
Unrestricted Net Position (Deficit)	(191,078,397)	(191,622,356)	543,959
Total Net Position (Deficit)	(26,597,131)	(27,799,610)	1,202,479

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Condensed Statement of Net Position (continued)**

The District's total net position decreased by \$26,662,220 between fiscal year 2020 and 2021. A summary of the District's Statements of Net Position follows:

	6/30/2021	As Restated 6/30/2020	Change	Percent Change
Current and other assets	\$ 143,639,929	\$ 148,811,154	\$ (5,171,225)	-3.5%
Capital assets, net	152,813,302	130,757,527	22,055,775	16.9%
Net pension asset - proportionate share	-	15,371,031	(15,371,031)	-100.0%
Total assets	<u>296,453,231</u>	<u>294,939,712</u>	<u>1,513,519</u>	0.5%
Deferred outflows of resources	<u>140,239,902</u>	<u>119,267,244</u>	<u>20,972,658</u>	17.6%
Other liabilities	24,132,507	25,641,051	(1,508,544)	-5.9%
Non-current liabilities	421,219,035	375,876,442	45,342,593	12.1%
Net pension liability - proportionate share	<u>16,604,232</u>	<u>17,837,219</u>	<u>(1,232,987)</u>	-6.9%
Total liabilities	<u>461,955,774</u>	<u>419,354,712</u>	<u>42,601,062</u>	10.2%
Deferred inflows of resources	<u>27,996,710</u>	<u>21,449,375</u>	<u>6,547,335</u>	30.5%
Net position (deficit):				
Net investment in capital assets	114,247,543	109,757,336	4,490,207	4.1%
Restricted	59,574,601	54,723,930	4,850,671	8.9%
Unrestricted (Deficit)	<u>(227,081,495)</u>	<u>(191,078,397)</u>	<u>(36,003,098)</u>	-18.8%
Total net position (deficit)	<u>\$ (53,259,351)</u>	<u>\$ (26,597,131)</u>	<u>\$ (26,662,220)</u>	100.2%

Current and other assets decreased by \$5,171,225, as compared to the prior year. The decrease is primarily related to decreases in taxes receivable, amounts due from other governments and cash balance, as compared to prior year.

Capital assets, net of depreciation, increased by \$22,055,775, 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 8 "Capital Assets" provides additional information.

Net pension asset – proportionate share decreased by \$15,371,031 in the current year. This asset represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. The plan reported a net pension liability as of June 30, 2021.

Deferred outflows of resources increased by \$20,972,658 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, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE** (continued)

**Condensed Statement of Net Position** (continued)

Current and other liabilities decreased by \$1,508,544, as compared to the prior year. This decrease was primarily related to a decrease in the accounts payable, offset by increases in amounts due to the Teachers' Retirement System ("TRS"), unearned revenues, accrued liabilities and retainage payable.

Non-current liabilities increased by \$45,342,593 as compared to the prior year. This increase was primarily in connection with a \$34,590,984 increase in the liability for other postemployment benefits and the current year issuance of \$11,610,000 in serial bonds plus a net premium received in the amount of \$1,171,766, net of the repayment of current maturity of the bond indebtedness.

Net pension liability – proportionate share decreased by \$1,232,987 in the current year. This liability represents the District's share of the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System's ("ERS") collective net pension liability, at the measurement date of the respective year.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years. This amount increased by \$6,547,335 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 \$4,490,207 due to capital acquisitions not financed by debt.

Restricted net position at June 30, 2021 is \$59,574,601 and is comprised of the District's reserves as seen in the fund balance section on the Balance Sheet – Governmental Funds, excluding unspent bond proceeds. The restricted balance increased by \$4,850,671 primarily due to the funding of reserves during the year, net of the use of reserves.

The unrestricted net deficit of \$(227,081,495) 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 decreased by \$26,662,220 or 100.2% to \$(53,259,351) for the year ended June 30, 2021, compared to \$(26,597,131), at June 30, 2020.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Changes in Net Position from Operating Results**

The June 30, 2020 revenues for charges for services, operating grants and contributions, and instruction expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 6,891,975	\$ 6,321,832	\$ 570,143
Operating Grants and Contributions	5,863,729	5,671,166	192,563
Instruction Expenses	201,349,215	200,714,140	635,075

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, 2021 and 2020 is as follows:

	6/30/2021	As Restated 6/30/2020	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 4,692,274	\$ 6,891,975	\$ (2,199,701)	-31.9%
Operating grants and contributions	7,248,721	5,863,729	1,384,992	23.6%
Capital grants	176,864	-0-	176,864	100.0%
General revenues:				
Real property taxes	208,918,743	202,165,634	6,753,109	3.3%
Other tax items and STAR	11,427,919	13,681,151	(2,253,232)	-16.5%
State aid	9,181,963	9,626,765	(444,802)	-4.6%
Use of money and property	668,500	2,221,062	(1,552,562)	-69.9%
Other	1,323,821	1,011,043	312,778	30.9%
Total revenues	<u>243,638,805</u>	<u>241,461,359</u>	<u>2,177,446</u>	1.0%
<b>Expenses</b>				
General support	34,082,358	37,852,773	(3,770,415)	-10.0%
Instruction	218,351,977	201,349,215	17,002,762	8.4%
Pupil transportation	13,680,329	13,136,238	544,091	4.1%
Community services	444,389	1,275,409	(831,020)	-65.2%
Debt services - interest	1,553,697	1,382,303	171,394	12.4%
School food service program	2,188,275	2,293,678	(105,403)	-4.6%
Total expenses	<u>270,301,025</u>	<u>257,289,616</u>	<u>13,011,409</u>	5.1%
Change in net position	<u>\$ (26,662,220)</u>	<u>\$ (15,828,257)</u>	<u>\$ (10,833,963)</u>	68.4%

The District's revenues increased by \$2,177,446 or 0.9% for the year ended June 30, 2021. The main area of increase was in real property taxes. This was offset by decreases in charges for services, other tax items, and use of money and property as compared to the prior year.

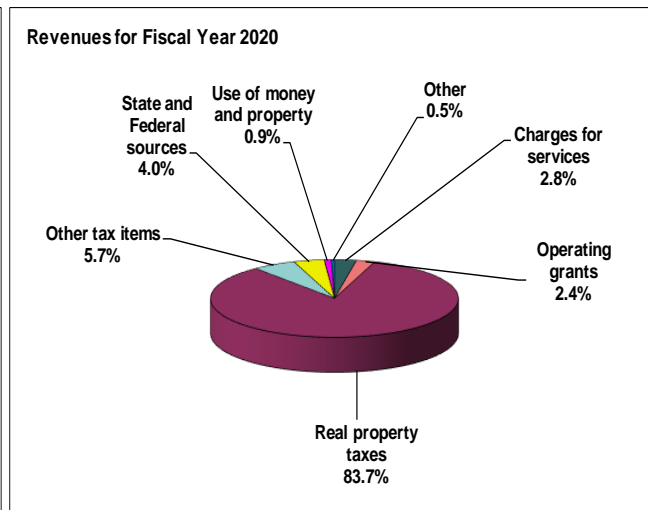
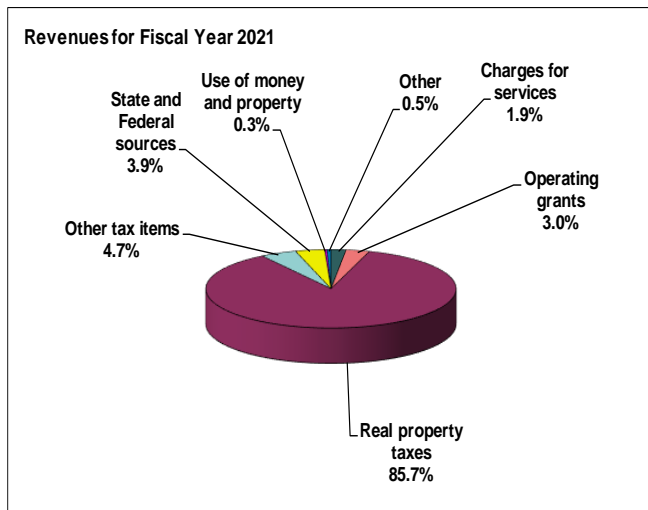
**GREAT NECK UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

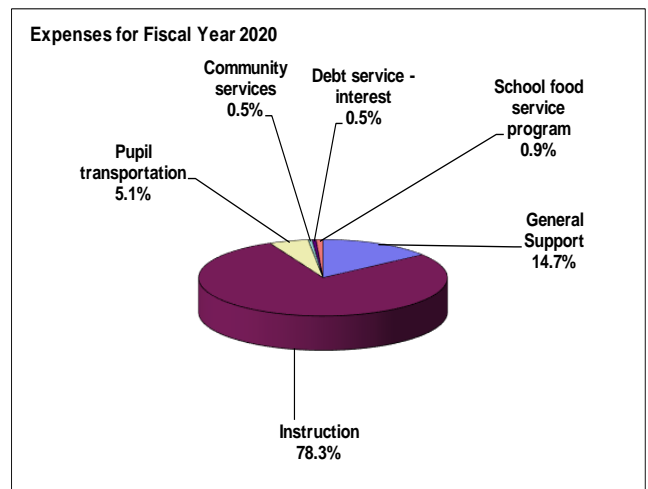
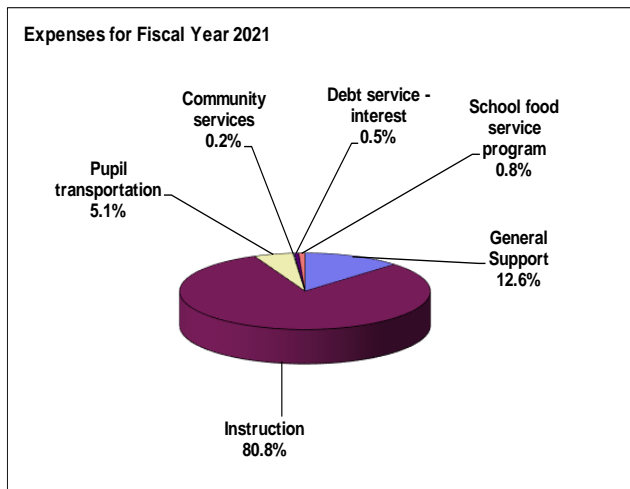
**Changes in Net Position from Operating Results (continued)**

The District's expenses increased by \$13,011,409 or 5.1% for the year ended June 30, 2021. The increase was primarily the result of increases in the costs of instruction as a result of salary increases and increases in benefit costs.

As indicated on the pie charts below, real property taxes is the largest component of revenues recognized, representing 85.7% and 83.7% of the total revenues for the years ended June 30, 2021 and 2020, respectively. Instruction expenses is the largest category of expenses incurred at 80.8% and 78.3% of the total expenses for the years ended June 30, 2021 and 2020, 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, 2021

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$120,859,096, which is a decrease of \$2,059,251 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include extraclassroom activities, scholarships, and permanent funds as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	<u>6/30/2021</u>	<u>As Restated 6/30/2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>General Fund</b>				
Restricted:				
Unemployment Insurance	\$ 2,406,736	\$ 1,616,574	\$ 790,162	48.9%
Employee Benefit				
Accrued Liability Reserve	12,035,201	11,534,048	501,153	4.3%
Workers' Compensation	13,518,541	13,517,189	1,352	0.0%
Retirement Contribution- ERS	23,487,548	21,485,399	2,002,149	9.3%
Retirement Contribution- TRS	5,536,876	3,736,502	1,800,374	48.2%
Assigned	4,220,396	3,499,442	720,954	20.6%
Unassigned	10,087,787	9,626,018	461,769	4.8%
	<u>71,293,085</u>	<u>65,015,172</u>	<u>6,277,913</u>	9.7%
<b>Special Aid Fund</b>				
Unassigned (deficit)	<u>(3,080,432)</u>	<u>-0-</u>	<u>(3,080,432)</u>	0.0%
<b>School Food Service Fund</b>				
Nonspendable: Inventory	76,546	76,743	(197)	-0.3%
Assigned	906,482	1,256,147	(349,665)	-27.8%
	<u>983,028</u>	<u>1,332,890</u>	<u>(349,862)</u>	-26.2%
<b>Debt Service Fund</b>				
Restricted: Debt	<u>489,014</u>	<u>467,601</u>	<u>21,413</u>	4.6%
<b>Capital Projects Fund</b>				
Restricted:				
Capital	1,463,566	1,708,097	(244,531)	-14.3%
Unspent Bond Proceeds	24,033,378	31,078,329	(7,044,951)	-22.7%
Assigned	24,540,947	22,113,779	2,427,168	11.0%
	<u>50,037,891</u>	<u>54,900,205</u>	<u>(4,862,314)</u>	-8.9%
<b>Extraclassroom Activities Fund</b>				
Assigned	<u>499,391</u>	<u>543,959</u>	<u>(44,568)</u>	-8.2%
<b>Scholarships Fund</b>				
Restricted: Scholarships	<u>322,202</u>	<u>343,603</u>	<u>(21,401)</u>	-6.2%
<b>Permanent Fund</b>				
Nonspendable: Scholarships	<u>314,917</u>	<u>314,917</u>	<u>-0-</u>	0.0%
Total Fund Balance	<u>\$ 120,859,096</u>	<u>\$ 122,918,347</u>	<u>\$ (2,059,251)</u>	-1.7%

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

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

**General Fund**

The general fund - fund balance increased by \$6,277,913 due to revenues and other financing sources in excess of expenditures and other financing uses, which provided for funding of the reserves for unemployment insurance, retirement contribution- ERS, retirement contributions- TRS, workers' compensation and employee benefit accrued liability. Actual revenues earned were higher than in the prior year by approximately \$3,215,000 predominantly due to the tax levy increase. Total expenditures, inclusive of other financing uses, were higher than the prior year by approximately \$884,000.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Unemployment Insurance	\$ 1,616,574	\$ (10,000)	\$ 162	\$ 800,000	\$ 2,406,736	\$ 100,000
Employee Benefit Accrued Liability	11,534,048	(500,000)	1,153	1,000,000	12,035,201	32,146
Workers Compensation	13,517,189	(1,000,000)	1,352	1,000,000	13,518,541	1,100,000
Retirement Contributions- ERS	21,485,399	(2,000,000)	2,149	4,000,000	23,487,548	3,660,316
Retirement Contributions- TRS	3,736,502		374	1,800,000	5,536,876	3,460,315
	<u>\$ 51,889,712</u>	<u>\$ (3,510,000)</u>	<u>\$ 5,190</u>	<u>\$ 8,600,000</u>	<u>\$ 56,984,902</u>	<u>\$ 8,352,777</u>

**Special Aid Fund**

The special aid fund - fund balance decreased by \$3,080,432 as a result of expenditures incurred prior to the funding award being received by New York State as of June 30, 2021.

**School Food Service Fund**

The school food service fund - fund balance decreased by \$349,862, as a result of expenditures exceeding revenues during the year as school lunch sales were much lower due to COVID-19.

**Debt Service Fund**

The debt service fund - fund balance increased by \$21,413. The increase is related to interest earnings.

**Capital Projects Fund**

The capital projects fund - fund balance decreased by \$4,862,314. The District made total transfers of \$6,516,000 from the general fund to fund capital projects. The District received e-rate reimbursements totaling \$109,372 and state aid SMART School Bond Act funds of \$176,864. Expenditures were made for several projects totaling \$25,034,296. During the year the District received proceeds from the issuance of serial bonds totaling \$11,610,000, \$1,171,766 of net premiums, and capital leases of \$588,000. The capital projects fund also transferred \$20 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, 2021

**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, 2020	Use of Reserves	Interest	Balance @ June 30, 2021
2016 Capital Reserve	\$ 1,708,097	\$ 244,531	\$ -0-	\$ 1,463,566

**Extracurricular Activities Fund**

The net change in the extracurricular activities fund – fund balance is a decrease of \$44,568, as a result of expenditures of \$243,008 in excess of revenues of \$198,440.

**Scholarships Fund**

The net change in the scholarships fund – fund balance is a decrease of \$21,401, as a result of expenditures of \$77,839 in excess of revenues of \$56,438.

**Permanent Fund**

The net change in the scholarships fund – fund balance remained at \$314,917.

**General Fund Budgetary Highlights**

2020-21 Budget

The District's general fund adopted budget for the year ended June 30, 2021, was \$241,395,571. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,299,442, and the approval of various budget adjustment increases of \$6,052,609 for a total final budget of \$248,747,622.

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	\$ 9,626,018
Revenues Over Budget	636,694
Expenditures and Encumbrances Under Budget	17,640,123
Allocation to Reserves	(8,605,190)
Use of unassigned fund balance for COVID-19 related expenses	(6,025,652)
Appropriated for the 2021-2022 Budget	<u>(3,184,205)</u>
Closing, Unassigned Fund Balance	<u>\$ 10,087,787</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

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

**General Fund Budgetary Highlights (continued)**

Opening, Unassigned Fund Balance

The \$9,626,018 shown in the table above is the portion of the District's June 30, 2020 fund balance that was reported as unassigned. This was 3.99% of the District's 2020-21 approved operating budget of \$241,395,571.

Revenues Over Budget

The 2020-21 final budget for revenues was \$235,712,528. Actual revenues recognized for the year were \$236,349,222. The excess of actual revenues over estimated or budgeted revenues amounted to \$636,694. 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 decreases in charges for service, 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, 2020 to June 30, 2021.

Expenditures and Encumbrances Under Budget

The 2020-21 final budget for expenditures, including prior year open encumbrances and budget revisions amounted to \$248,747,622. Actual expenditures as of June 30, 2021 were \$230,071,308. Outstanding encumbrances as of June 30, 2021 were \$1,036,191. Combined, the expenditures plus encumbrances for 2020-21 were \$231,107,499. The final budget variance was \$17,640,123. 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, 2020 to June 30, 2021.

Allocation to Reserves

Amounts transferred from budget lines within the general fund operations into required reserves such as the unemployment insurance reserve, the employee benefit accrued liability reserve, workers' compensation reserve and the retirement contribution reserve for both ERS and TRS 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.

Assigned - Appropriated Fund Balance

The District has chosen to use \$3,184,205 of its available June 30, 2021 fund balance to partially fund its 2021-22 approved operating budget.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

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

**General Fund Budgetary Highlights** (continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previously presented table, the District will begin the 2021-22 fiscal year with an unassigned fund balance of \$10,087,787. This is an increase of \$461,769, as compared to the prior year. This is 4.00% of the District's 2021-22 approved operating budget of \$252,194,682.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021 and 2020, the District had invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements, site improvements and furniture and equipment. The net increase in capital assets is due to capital additions in excess of depreciation expense for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation, at June 30, 2021 and 2020 is as follows:

Category	6/30/2021	6/30/2020	% Change
Land	\$ 2,798,112	\$ 2,798,112	0.0%
Construction-in-progress	61,265,056	40,515,501	51.2%
Building and improvements	59,757,140	58,607,337	2.0%
Site improvements	15,431,492	15,690,155	-1.6%
Furniture and equipment	13,561,502	13,146,422	3.2%
Totals	<u>\$ 152,813,302</u>	<u>\$130,757,527</u>	16.9%

Capital additions for the year ended June 30, 2021 were \$27,761,289. Depreciation expense for the year was \$5,625,599.

**Debt Administration**

A summary of the long-term debt at June 30, 2021 and 2020 is as follows:

Category	6/30/2021	6/30/2020	% Change
General obligation bonds, inclusive of premiums	\$ 58,481,649	\$ 47,398,145	23.4%
Capital lease payable	647,142	425,073	52.2%
Installment purchase debt	3,470,346	4,255,302	-18.4%
Other postemployment benefits payable	338,606,587	304,015,603	11.4%
Compensated absences	16,467,275	15,862,494	3.8%
Workers' compensation claims payable	3,546,036	3,919,825	-9.5%
Net pension liability - proportionate share	16,604,232	17,837,219	-6.9%
Totals	<u>\$ 437,823,267</u>	<u>\$ 393,713,661</u>	11.2%

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Debt Administration** (continued)

At June 30, 2021, the District had total bonds payable (inclusive of unamortized premiums) of \$58,481,649. The increase in outstanding debt represents new serial bonds, net of the repayment of the current maturity of bond indebtedness. There remains \$6,827,254 to be borrowed based on the 2017 voter approved capital project.

The District entered into new equipment leases totaling \$588,000 during the year ended June 30, 2021. The increase in capital lease payable represents the addition of new leases less the scheduled principal payments.

At June 30, 2021, the District had total installment purchase debt payable of \$3,470,346. 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 11, 2021, for the year ending June 30, 2022, is \$252,194,682. This is an increase of \$10,799,111 or 4.47% over the previous year's budget. The increases are primarily in the instruction, transportation, and debt service areas of the budget.

The District's adopted budget reflects non-property tax revenues at an increase of \$757,552 from the current year's budget. The assigned-appropriated fund balance the District applied to the 2021-22 budget to reduce taxes is \$3,184,205 which is an increase of \$984,205 compared to the prior year. The District appropriated \$8,352,777 of restricted fund balance to be applied to the June 30, 2022 budget, which is an increase of \$4,842,777. The adopted budget reflects an increase in property tax revenues of 1.98%.

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 1.98% 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 2.82% tax levy cap.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2021

**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 Powell  
Assistant Superintendent for Business  
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, 2021

**ASSETS**

Cash		
Unrestricted	\$	47,288,932
Restricted		83,364,070
Investments		
Restricted		243,909
Receivables		
State and Federal aid		2,912,547
Due from other governments		2,227,212
Taxes		6,983,065
Other		543,648
Inventories		76,546
		<hr/>
Total Current Assets		143,639,929
		<hr/>
Non-depreciable capital assets		64,063,168
Depreciable capital assets, net of depreciation		88,750,134
		<hr/>
Total Non-Current Assets		152,813,302
		<hr/>
Total Assets		296,453,231

**DEFERRED OUTFLOWS OF RESOURCES**

Other postemployment benefits		67,939,253
Pensions		72,300,649
		<hr/>
Total Deferred Outflows of Resources		140,239,902

**LIABILITIES**

Accounts payable		4,805,021
Accrued liabilities		2,412,317
Retainage payable		1,467,192
Compensated absences payable		113,580
Due to other governments		1,203,668
Due to teachers' retirement system		11,052,805
Due to employees' retirement system		909,488
Other liabilities		116,917
Unearned credits: collections in advance		1,979,571
Accrued interest		71,948
Non-current liabilities		
Due and payable within one year:		
Bonds payable, inclusive of premiums		2,221,850
Capital leases payable		283,553
Installment purchase debt payable		816,699
Compensated absences payable		823,364
Workers' compensation claims payable		177,302
Due and payable after one year:		
Bonds payable, inclusive of premiums		56,259,799
Capital leases payable		363,589
Installment purchase debt payable		2,653,647
Other postemployment benefits payable		338,606,587
Compensated absences payable		15,643,911
Workers' compensation claims payable		3,368,734
Net pension liability - proportionate share		16,604,232
		<hr/>
Total Liabilities		461,955,774

**DEFERRED INFLOWS OF RESOURCES**

Pensions		27,996,710
		<hr/>

**NET POSITION (DEFICIT)**

Net Investment in capital assets		114,247,543
Restricted		59,574,601
Unrestricted (Deficit)		(227,081,495)
		<hr/>
Total Net Position (Deficit)	\$	(53,259,351)

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>		
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 34,082,358				\$ (34,082,358)
Instruction	218,351,977	\$ 4,476,357	\$ 5,745,572	\$ 176,864	(207,953,184)
Pupil transportation	13,680,329				(13,680,329)
Community services	444,389				(444,389)
Debt service - interest	1,553,697				(1,553,697)
School food service program	2,188,275	215,917	1,503,149		(469,209)
Total Functions and Programs	<u>\$ 270,301,025</u>	<u>\$ 4,692,274</u>	<u>\$ 7,248,721</u>	<u>\$ 176,864</u>	<u>(258,183,166)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					208,918,743
Other tax items and STAR					11,427,919
Use of money and property					668,500
Sale of property and compensation for loss					601,177
State aid					9,181,963
Miscellaneous					679,819
Medicaid					42,825
Total General Revenues					<u>231,520,946</u>
Change in Net Position					(26,662,220)
Total Net Position (Deficit) - Beginning of Year - Restated (see note 21)					<u>(26,597,131)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (53,259,351)</u>

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
<b>ASSETS</b>									
Cash									
Unrestricted	\$ 15,437,112	\$ 4,145,475	\$ 871,323		\$ 26,335,631	\$ 499,391			\$ 47,288,932
Restricted	57,454,280			\$ 19,636	25,496,944		\$ 322,202	\$ 71,008	83,364,070
Investments									
Restricted								243,909	243,909
Receivables									
State and federal aid	1,210,041	1,231,177	419,465		51,864				2,912,547
Due from other governments	2,227,212								2,227,212
Due from other funds	8,249,033			469,378					8,718,411
Taxes	6,983,065								6,983,065
Other	455,343	87,298	1,007						543,648
Inventories			76,546						76,546
Total Assets	<u>\$ 92,016,086</u>	<u>\$ 5,463,950</u>	<u>\$ 1,368,341</u>	<u>\$ 489,014</u>	<u>\$ 51,884,439</u>	<u>\$ 499,391</u>	<u>\$ 322,202</u>	<u>\$ 314,917</u>	<u>\$ 152,358,340</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 3,716,004	\$ 37,456	\$ 25,400		\$ 1,026,161				\$ 4,805,021
Accrued liabilities	2,303,209	26,735	82,373						2,412,317
Compensated absences payable	113,580								113,580
Due to other funds		7,897,989	35		820,387				8,718,411
Due to other governments	1,203,668								1,203,668
Due to teachers' retirement system	11,052,805								11,052,805
Due to employees' retirement system	909,488								909,488
Other liabilities	116,917								116,917
Unearned credits: collections in advance	1,119,864	582,202	277,505						1,979,571
Total Liabilities	<u>20,535,535</u>	<u>8,544,382</u>	<u>385,313</u>	<u>-0-</u>	<u>1,846,548</u>	<u>\$ -0-</u>	<u>-</u>	<u>\$ -0-</u>	<u>31,311,778</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenues	187,466								187,466
<b>FUND BALANCES (DEFICIT)</b>									
Non-spendable									
Inventories			76,546						76,546
Scholarships								314,917	314,917
Restricted:									
Debt Service				489,014					489,014
Capital					1,463,566				1,463,566
Unspent bond proceeds					24,033,378				24,033,378
Unemployment Insurance	2,406,736								2,406,736
Employee Benefit Accrued Liability	12,035,201								12,035,201
Workers' Compensation	13,518,541								13,518,541
Retirement Contribution- ERS	23,487,548								23,487,548
Retirement Contribution- TRS	5,536,876								5,536,876
Scholarships							322,202		322,202
Assigned	4,220,396		906,482		24,540,947	499,391			30,167,216
Unassigned (Deficit)	10,087,787	(3,080,432)							7,007,355
Total Fund Balances (Deficit)	<u>71,293,085</u>	<u>(3,080,432)</u>	<u>983,028</u>	<u>489,014</u>	<u>50,037,891</u>	<u>499,391</u>	<u>322,202</u>	<u>314,917</u>	<u>120,859,096</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 92,016,086</u>	<u>\$ 5,463,950</u>	<u>\$ 1,368,341</u>	<u>\$ 489,014</u>	<u>\$ 51,884,439</u>	<u>\$ 499,391</u>	<u>\$ 322,202</u>	<u>\$ 314,917</u>	<u>\$ 152,358,340</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, 2021

Total Governmental Fund Balances		\$ 120,859,096
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	\$ 64,063,168	
Capital assets - depreciable	178,775,240	
Accumulated depreciation	<u>(90,025,106)</u>	152,813,302
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	71,948	
Retainage payable	1,467,192	
General obligation bonds payable	52,885,000	
Unamortized bond premium	5,596,649	
Capital lease payable	647,142	
Installment purchase debt	3,470,346	
Other postemployment benefits payable	338,606,587	
Compensated absences payable	16,467,275	
Workers' compensation claims payable	<u>3,546,036</u>	(422,758,175)
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.		
		187,466
Certain amounts reported for the deferred outflows of the District's other postemployment benefits and proportionate share of the net pension liability are not considered current available resources and are, therefore, not reported in the funds.		
OPEB - deferred outflows	67,939,253	
Pensions - deferred outflows	<u>72,300,649</u>	140,239,902
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.		
Net pension liability-proportionate share	16,604,232	
Pensions - deferred inflows	<u>27,996,710</u>	<u>(44,600,942)</u>
Net Position of Governmental Activities		<u>\$ (53,259,351)</u>

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, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
<b>REVENUES</b>									
Real property taxes	\$ 208,918,743								\$ 208,918,743
Other tax items	11,427,919								11,427,919
Charges for services	4,277,917								4,476,357
Use of money and property	645,993		\$ 1,094	\$ 21,413		\$ 198,440		\$ 182	668,682
Sale of property and compensation for loss	601,177								601,177
State aid	9,349,819	\$ 2,002,525	49,367		\$ 176,864				11,578,575
Sales - school food service			213,391						213,391
Miscellaneous	539,348	396,996	2,526		109,372		56,256		1,104,498
Federal aid	588,286	2,744,152	1,286,341						4,618,779
Surplus food			167,441						167,441
<b>Total Revenues</b>	<b>236,349,202</b>	<b>5,143,673</b>	<b>1,720,160</b>	<b>21,413</b>	<b>286,236</b>	<b>198,440</b>	<b>56,438</b>	<b>-0-</b>	<b>243,775,562</b>
<b>EXPENDITURES</b>									
General support	26,500,283								26,500,283
Instruction	125,080,223	10,253,822				243,008			135,577,053
Pupil transportation	12,843,678								12,843,678
Community service	171,221	233,323							404,544
Employee benefits	52,293,499								52,293,499
Debt service:									
Principal	1,150,887			1,455,000					2,605,887
Interest	168,469			1,629,009					1,797,478
Cost of sales			2,070,022						2,070,022
Scholarship and awards							77,839		77,839
Capital outlay					25,034,296				25,034,296
<b>Total Expenditures</b>	<b>218,208,260</b>	<b>10,487,145</b>	<b>2,070,022</b>	<b>3,084,009</b>	<b>25,034,296</b>	<b>243,008</b>	<b>77,839</b>	<b>-0-</b>	<b>259,204,579</b>
Excess (Deficiency) of Revenues Over Expenditures	18,140,942	(5,343,472)	(349,862)	(3,062,596)	(24,748,060)	(44,568)	(21,401)	-0-	(15,429,017)
<b>OTHER FINANCING SOURCES AND (USES)</b>									
Proceeds from serial bond					11,610,000				11,610,000
Proceeds from capital lease					588,000				588,000
Bond premiums					1,171,766				1,171,766
Operating transfers in	20	2,263,040		3,084,009	6,516,000				11,863,069
Operating transfers (out)	(11,863,049)				(20)				(11,863,069)
<b>Total Other Sources (Uses)</b>	<b>(11,863,029)</b>	<b>2,263,040</b>	<b>-0-</b>	<b>3,084,009</b>	<b>19,885,746</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>13,369,766</b>
<b>Net Changes in Fund Balances</b>	<b>6,277,913</b>	<b>(3,080,432)</b>	<b>(349,862)</b>	<b>21,413</b>	<b>(4,862,314)</b>	<b>(44,568)</b>	<b>(21,401)</b>	<b>-0-</b>	<b>(2,059,251)</b>
Fund Balance - Beginning of Year, as Restated (see note 21)	65,015,172	-0-	1,332,890	467,601	54,900,205	543,959	343,603	314,917	122,918,347
<b>Fund Balance - End of Year</b>	<b>\$ 71,293,085</b>	<b>\$ (3,080,432)</b>	<b>\$ 983,028</b>	<b>\$ 489,014</b>	<b>\$ 50,037,891</b>	<b>\$ 499,391</b>	<b>\$ 322,202</b>	<b>\$ 314,917</b>	<b>\$ 120,859,096</b>

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, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ (2,059,251)

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

Long-term revenue and expense differences

Certain expenditures in governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Workers' compensation claims payable	373,789	
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	(604,781)	
Certain revenues are recognized in the governmental funds when they provide current financial resources. However these revenues were recognized in the Statement of Activities in the prior years when they were earned.		(136,757)

Pension differences

(Increases)/decreases in the proportionate share of net pension asset/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	\$(12,343,265)	
Employees' Retirement System	<u>1,460,164</u>	(10,883,101)

Other postemployment benefit (OPEB) differences

Increases in the District's total OPEB liability does not require the use of current financial resources and, therefore, is not reported expenditures in the governmental funds.		(23,420,604)
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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	27,761,289	
Depreciation expense	<u>(5,625,599)</u>	22,135,690
Retainage payable does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds, but it is reported in the Statement of Net Position as an increase in capital assets		(1,467,192)
The net effect of capital asset disposals resulted in a decrease in net position.		(79,915)

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 decreased from June 30, 2020 to June 30, 2021.	519	
The amortization of the deferred premium on the bonds, decreases interest expense in the Statement of Activities	<u>243,262</u>	243,781
Repayment of bond principal, capital leases 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 capital leases 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	(11,610,000)	
Bond premium	(1,171,766)	
Proceeds from capital lease	(588,000)	
Repayment of bond principal	1,455,000	
Repayment of capital lease principal	365,931	
Repayment of installment purchase debt principal	<u>784,956</u>	<u>(10,763,879)</u>

Change in Net Position of Governmental Activities \$ (26,662,220)

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2021

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

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended June 30, 2021

	<u>Custodial</u>
<b>ADDITIONS</b>	
Real property taxes collected for the Library	\$ 9,493,125
PILOT collections for the Library	116,120
Total Additions	9,609,245
<b>DEDUCTIONS</b>	
Payments of real property taxes to the Library	9,493,125
Payments of PILOT to the Library	116,120
Total Deductions	9,609,245
Change in Net Position	-0-
Net Position - Beginning of Year	-0-
Net Position - End of Year	\$ -0-

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**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, 2021

**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 include operating-specific and discretionary (either operating or capital) grants, 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, 2021

**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 collected and disbursed on behalf of other governments.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

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**

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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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 with annual increases of no more than 2% 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 \$3,899,221 in LIPA PILOT revenue during the 2020-2021 fiscal year.

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

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. 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, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Capital Assets**

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported 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>
Site improvements	\$ 5,000	Straight line	10-30 years
Buildings and improvements	\$ 5,000	Straight line	7-50 years
Furniture and equipment	\$ 1,500	Straight line	5-20 years

**N. 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 liability (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 liability and other postemployment benefits and the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. See Note 11 and Note 13.

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. 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. See Note 11. 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.

**O. 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. 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.

**Q. Other Benefits**

Eligible District employees participate in the New York State Teachers' Retirement System ("TRS") or the New York State and Local Employees' Retirement System ("ERS").

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 12.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**R. 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, 2021.

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 2016 through, and including, 2022. No BANs were issued or outstanding during the year ended June 30, 2021.

**S. 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.

**T. 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, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. 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, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. 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, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. 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.

**U. 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, 2021, The District adopted the following:

GASB Statement No. 84, "*Fiduciary Activities*", establishes criteria for identifying fiduciary activities of all state and local governments. The criteria focus is generally on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. The Statement establishes the four fiduciary funds that should be reported (as applicable): 1) pension and other employee benefit trust funds, 2) investment trust funds, 3) private purpose trust funds, and 4) custodial funds. This Statement also provides guidance for the recognition of a liability when an event has occurred that compels the government to disburse fiduciary resources.

**V. 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:

Statement No. 87, *Leases*, as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending June 30, 2022.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**V. Future Changes in Accounting Standards** (continued)

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the objective of which is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for financial statements for the year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations*, as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 92, "Omnibus 2020", as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10,and 12 effective for financial statements for the year ending June 30, 2022.

Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements", this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are for the year ending June 30, 2023.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**V. Future Changes in Accounting Standards** (continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, the primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for financial statements for the year ending June 30, 2022.

The District is currently evaluating the impact, if any, of the above pronouncements.

**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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

**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).

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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**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	\$ 26,957
Various COVID-19 expenditures funded by unassigned fund balance	<u>6,025,652</u>
Total	<u>\$ 6,052,609</u>

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.

**C. Special Aid Deficit**

The Special Aid Fund shows a deficit in the unassigned fund balance of \$3,080,432 as of June 30, 2021, arising from expenditures incurred. This deficit will be eliminated with the funding award by New York State under the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act and American Rescue Plan (ARP) that is expected to be approved in 2021-2022.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**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.

Of the Districts bank balance, \$1,000,000 was covered by FDIC, the uncollateralized balance as of June 30, 2021 was \$25,478,813.

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

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 Scholarships Fund. The carrying amounts at June 30, 2021 totaled \$243,909, and the unrealized loss for the year was \$5,650. 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 statues. The District has a written investment policy.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

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, 2021 are \$3,369,964,660 which consisted of \$371,757,483 in repurchase agreements, \$1,940,950,074 in U.S. Treasury Securities and \$1,057,257,103 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	\$ 5,158,660
School Food Service Fund	814,373
Capital Projects Fund	2,288,547
Scholarships and Permanent Funds	219,426
	\$ 8,481,006

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](http://www.newyorkclass.org).

**5. PARTICIPATION IN BOCES**

During the year ended June 30, 2021, the District was billed \$6,501,999 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$928,563. 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**6. DUE FROM STATE AND FEDERAL AID**

Due from state and federal aid at June 30, 2021, consisted of:

General Fund:	
NYS Excess Cost Aid	\$ 679,906
NYS Transportation Aid	11,051
Federal Grants	426,663
State Grants	<u>92,421</u>
	1,210,041
Special Aid Fund:	
Federal and State Grants	1,231,177
School Food Service Fund:	
Federal and State	
School Food Service Reimbursements	419,465
Capital Projects Fund:	
State Grants	<u>51,864</u>
Total Due From State and Federal	<u><u>\$ 2,912,547</u></u>

District management expects these amounts to be fully collectible.

**7. DUE FROM OTHER GOVERNMENTS**

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

General Fund:	
Due from NYS -medicaid billing	\$ 22,764
Due from receiver of taxes- interest	4,714
Due from BOCES	380,668
Due from Other Districts	1,816,860
Due from Nassau County	<u>2,206</u>
Total Due From Other Governments	<u><u>\$ 2,227,212</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, 2021

**8. CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets that are not depreciated:				
Land	\$ 2,798,112			\$ 2,798,112
Construction in progress	40,515,501	\$ 25,106,876	\$ (4,357,321)	61,265,056
Total nondepreciable assets	<u>43,313,613</u>	<u>25,106,876</u>	<u>(4,357,321)</u>	<u>64,063,168</u>
Capital assets that are depreciated:				
Buildings and improvements	121,066,182	3,842,822	(25,772)	124,883,232
Site improvements	21,220,071	578,844		21,798,915
Furniture and equipment	30,703,992	2,590,068	(1,200,967)	32,093,093
Total depreciable assets	<u>172,990,245</u>	<u>7,011,734</u>	<u>(1,226,739)</u>	<u>178,775,240</u>
Less accumulated depreciation:				
Buildings and improvements	62,458,845	2,673,818	(6,571)	65,126,092
Site improvements	5,529,916	837,507		6,367,423
Furniture and equipment	17,557,570	2,114,274	(1,140,253)	18,531,591
Total accumulated depreciation	<u>\$ 85,546,331</u>	<u>\$ 5,625,599</u>	<u>\$ (1,146,824)</u>	<u>90,025,106</u>
Total capital assets, net				<u><u>\$ 152,813,302</u></u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,786,761
Instruction	3,645,113
Pupil Transportation	71,662
Community service	3,810
School food service program	<u>118,253</u>
Total governmental activities depreciation expense	<u>\$ 5,625,599</u>

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, 2021, the District has not recorded any such impairment losses.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**9. INTERFUND TRANSACTIONS**

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 8,249,033		\$ 20	\$ 11,863,049
Special Aid Fund		\$ 7,897,989	2,263,040	
School Food Service Fund		35		
Debt Service Fund	469,378		3,084,009	
Capital Projects Fund		820,387	6,516,000	20
	<u>\$ 8,718,411</u>	<u>\$ 8,718,411</u>	<u>\$ 11,863,069</u>	<u>\$ 11,863,069</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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.

**10. 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
Governmental activities:						
Long-term debt:						
General obligation bonds	\$ 42,730,000	\$ 11,610,000	\$ 1,455,000	\$ 52,885,000	\$ 1,920,000	\$ 50,965,000
Add: Premiums on obligations	4,668,145	1,171,766	243,262	5,596,649	301,850	5,294,799
	47,398,145	12,781,766	1,698,262	58,481,649	2,221,850	56,259,799
Capital lease payable	425,073	588,000	365,931	647,142	283,553	363,589
Installment purchase debt (energy performance contract)	4,255,302		784,956	3,470,346	816,699	2,653,647
Other postemployment benefits	304,015,603	40,428,942	5,837,958	338,606,587		338,606,587
Compensated absences	15,862,494	704,528	99,747	16,467,275	823,364	15,643,911
Workers' compensation claims payable	3,919,825	253,557	627,346	3,546,036	177,302	3,368,734
Net pension liability - proportionate share	17,837,219		1,232,987	16,604,232		16,604,232
Total non-current liabilities	<u>\$ 393,713,661</u>	<u>\$ 54,756,793</u>	<u>\$ 10,647,187</u>	<u>\$ 437,823,267</u>	<u>\$ 4,322,768</u>	<u>\$ 433,500,499</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**10. 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 2021, the District issued a serial bond in the amount of \$11,610,000 maturing in June 2041 with an interest rate from 2% to 5%.

Existing serial bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/21
Serial Bond	June 2019	June 2039	2.75-5.00%	\$ 32,425,000
Serial Bond	June 2020	June 2040	2.00-5.00%	8,850,000
Serial Bond	June 2021	June 2041	2.00-5.00%	11,610,000
				<u>\$ 52,885,000</u>

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

	Principal	Interest	Total
Year ending June 30, 2022	\$ 1,920,000	\$ 1,921,508	\$ 3,841,508
2023	2,000,000	1,839,975	3,839,975
2024	2,100,000	1,739,975	3,839,975
2025	2,205,000	1,634,975	3,839,975
2026	2,310,000	1,524,725	3,834,725
2027-2031	13,345,000	5,841,225	19,186,225
2032-2036	16,135,000	3,046,438	19,181,438
2037-2041	12,870,000	760,888	13,630,888
Totals	<u>\$ 52,885,000</u>	<u>\$ 18,309,709</u>	<u>\$ 71,194,709</u>

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

Year ended June 30, 2022	\$ 301,850
2023	301,850
2024	301,850
2025	301,850
2026	301,850
2027-2031	1,509,250
2032-2036	1,509,250
2037-2041	1,068,899
Total	<u>\$ 5,596,649</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**10. LONG-TERM DEBT** (continued)

Interest on long-term debt for the year ended June 30, 2021 was comprised of:

Interest paid	\$ 1,797,478
Less: interest accrued in the prior year	(72,467)
Less: amortization of premium	(243,262)
Plus: interest accrued in the current year	<u>71,948</u>
Total interest expense on long-term debt	<u><u>\$ 1,553,697</u></u>

The District has purchased various iPads that are being financed between four to six years at interest rates ranging from 0.00% to 4.00%. The assets and related obligations are accounted for in the district-wide financial statements and are included in the summary for capital assets. See Note 8. The cost of the equipment that was capitalized, which is included in furniture and equipment, is \$2,222,240 and accumulated depreciation as of June 30, 2021 is \$1,521,332.

The following is a summary of capital lease requirements:

	<u>Total</u>
Year ending June 30, 2022	\$ 290,000
2023	219,287
2024	<u>148,651</u>
Total minimum lease payments	657,938
Less amounts representing interest	<u>10,796</u>
	<u><u>\$ 647,142</u></u>

The District had purchased various assets during 2007-2008 school year that are being financed over four to six years at an interest rate of 4.003%.

The following is a summary of installment purchase debt obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30, 2022	\$ 816,699	\$ 130,850	\$ 947,549
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>\$ 3,470,346</u></u>	<u><u>\$ 319,849</u></u>	<u><u>\$ 3,790,195</u></u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**11. 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 ("ERS")

The District participates in the New York State and Local Employees' Retirement System ("ERS"). 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 ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can 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](http://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 ("TRS")

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](http://www.nystrs.org).

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**11. 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 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 14.51% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$10,134,385 for TRS, at the contribution rate of 9.53%, and \$3,316,945 for ERS at an average contribution rate of 14.56%.

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) were measured as of March 31, 2021 for ERS and June 30, 2020 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, 2021	June 30, 2020
Net pension asset/(liability)	\$ (64,414)	\$ (16,539,818)
District's portion of the Plan's total net pension asset/(liability)	0.0646893%	0.598559%
Change in proportion since the prior measurement date	-0.0026703	0.006912

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**11. PENSION PLANS** (continued)

For the year ended June 30, 2021, the District's recognized pension expense of \$1,937,035 for ERS and \$22,482,826 TRS. At June 30, 2021, 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	\$ 786,666	\$ 14,492,190	\$ -0-	\$ 847,634
Changes of assumptions	11,843,607	20,919,020	223,374	7,456,538
Net difference between projected and actual earnings on pension plan investments	-0-	10,801,951	\$ 18,503,416	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,326,121	1,087,221	436,173	529,575
District's contributions subsequent to the measurement date	<u>909,488</u>	<u>10,134,385</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 14,865,882</u>	<u>\$ 57,434,767</u>	<u>\$ 19,162,963</u>	<u>\$ 8,833,747</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ending June 30, 2022	\$ (734,486)	\$ 6,657,579
2023	(129,989)	13,220,988
2024	(848,673)	10,897,337
2025	(3,493,421)	6,673,529
2026	-0-	306,001
Thereafter	-0-	711,201
	<u>\$ (5,206,569)</u>	<u>\$ 38,466,635</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, 2021

**11. PENSION PLANS** (continued)

**E. Actuarial Assumptions**

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.1%
Salary scale	4.4%	4.72% - 1.90%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
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, 2009 – June 30, 2014 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, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

For 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, 2021

**11. 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, 2021		June 30, 2020	
Asset type				
Domestic equity	32.0%	4.05%	33.0%	7.10%
International equity	15.0%	6.30%	16.0%	7.70%
Global equity			4.0%	7.40%
Private equities	10.0%	6.75%	8.0%	10.40%
Real estate	9.0%	4.95%	11.0%	6.80%
Absolute return strategies*	3.0%	4.50%		
Real assets	3.0%	5.95%		
Bonds and mortgages	23.0%	0.00%		
Cash	1.0%	0.50%		
Inflation-indexed bonds	4.0%	3.63%		
Domestic fixed income securities			16.0%	1.80%
Global fixed income securities			2.0%	1.00%
High-yield fixed income securities			1.0%	3.90%
Privat debt			1.0%	5.20%
Real estate debt			7.00%	3.60%
Cash and equivalents			1.00%	0.70%
	100.0%		100.0%	

Real rates of return are net of the long-term inflation assumptions of 2.2% for 2020 (TRS) and of 2.0% for 2021 (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 5.9% for ERS and 7.10% for TRS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**11. 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 liability calculated using the discount rate of 5.9% for ERS and 7.1% 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 (4.9% for ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (17,878,754)	\$ (64,414)	\$ 16,364,578
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (104,476,331)	\$ (16,539,818)	\$ 57,261,201

**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, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan Fiduciary Net Position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	99.95%	97.76%

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**11. 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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$909,488.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$10,134,385 of employer contributions and \$918,420 of employee contributions.

**12. 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, 2021, totaled \$611,032 and \$7,546,866, respectively.

**B. Deferred Compensation Plan**

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

The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$1,034,657.

**13. 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, 2021

**13. 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 \$338,606,587 was measured as of June 30, 2021 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, 2021

**13. 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	2.09%
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, 2021. The average discount rate is 2.09%, which is a change from the prior valuation discount rate of 2.44%.

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, 2020 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, 2021

**13. 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, 2020	\$ 304,015,603
Changes for the year:	
Service cost	7,636,010
Interest	6,292,919
Changes of assumptions or other inputs	26,500,013
Benefit payments	(5,837,958)
Net Changes	34,590,984
Balance at June 30, 2021	\$ 338,606,587

The changes of assumptions or other inputs reflects the change in the discount rate from 2.44% to 2.09%.

**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 (1.09%) or 1-percentage-point higher (3.09%) than the current discount rate:

	One Percent Decrease (1.09%)	Current Discount Rate (2.09%)	One Percent Increase (3.09%)
Total OPEB liability	\$ 433,375,421	\$ 338,606,587	\$ 270,672,316

**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	\$ 263,518,917	\$ 338,606,587	\$ 444,687,508

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**13. 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, 2021, the District recognized OPEB expense of \$29,258,562. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 67,939,253

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

For the years ending June 30, 2022	\$	15,329,633
2023		15,329,633
2024		15,329,633
2025		13,400,280
2026		7,069,743
Thereafter		1,480,331
	\$	67,939,253

**14. 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, 2021, the value of the accumulated vacation time and sick leave was \$16,580,855, of which \$113,580 is recorded as accrued liabilities in the general fund.

**15. 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, 2021

**15. 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.

	2021	2020
Unpaid claims at beginning of year	\$ 3,919,825	\$ 4,395,408
Incurred claims and claim adjustments	253,557	496,749
Claim payments	(627,346)	(972,332)
Unpaid claims at year end	\$ 3,546,036	\$ 3,919,825

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

The amount of \$3,184,205 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2022.

**17. FUND BALANCES - RESTRICTED - APPROPRIATED RESERVES**

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

Retirement contributions - ERS	\$ 3,660,316
Retirement contributions – TRS	3,460,315
Workers' compensation	1,100,000
Unemployment insurance	100,000
Employee Benefit Accrued Liability	32,146
	<b>\$ 8,352,777</b>

**18. 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, 2021

**18. 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. Operating Leases**

The District leases various equipment under operating leases. Total rental expenditures on such leases for the year ended June 30, 2021, were \$218,957. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 157,405
2023	38,458
	<u>\$ 195,863</u>

**D. Encumbrances**

At June 30, 2021, the District encumbered the following amounts:

	<u>General</u>	<u>Capital Projects</u>
Restricted:		
Capital Projects		\$ 15,990,096
Assigned:		
General Support	\$ 557,833	
Instruction	450,359	
Community Services	7,941	
Employee Benefits	20,058	
Capital Projects		2,299,123
Total Encumbrances	<u>\$ 1,036,191</u>	<u>\$ 18,289,219</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**19. 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>
<b>General Fund</b>	
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>
<b>Capital Projects Fund</b>	
Funding Provided Since Inception	19,006,997
Use of Reserve Since Inception	<u>(17,543,431)</u>
Total Capital Projects Fund at June 30, 2021	<u>\$ 1,463,566</u>

**20. 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, 2021, the amount of District property tax abated was \$6,336,922 and the payment in lieu of taxes received was \$2,540,554.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**21. RESTATEMENT OF FUND BALANCE AND NET POSITION**

During the year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$1,202,479 in fund balance of the governmental funds, as well as the Statement of Net Position. The District's fund balance and net position (deficit) have been restated as follows:

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Permanent Fund	Statement of Net Position
Fund Balance/Net Position Beginning of Year, as Reported	\$ 65,015,172	\$ -	\$ -	\$ -	\$ (27,799,610)
Assets					
Cash	498,575	543,959	89,044	314,917	1,446,495
Investments	-	-	254,559		254,559
Accounts receivable	68,711	-			68,711
Due from other/fiduciary	(380,490)	-			(380,490)
Total Assets	<u>186,796</u>	<u>543,959</u>	<u>343,603</u>	<u>314,917</u>	<u>1,389,275</u>
Liabilities					
Other Liabilities	<u>186,796</u>				<u>186,796</u>
Fund Balance/Net Position					
Assigned, unappropriated FB		543,959			
Restricted			343,603	314,917	658,520
Unrestricted					<u>543,959</u>
Total Fund Balance/Net Position	<u>-</u>	<u>543,959</u>	<u>343,603</u>	<u>314,917</u>	<u>1,202,479</u>
Fund Balance/Net Position Beginning of Year, as Restated	<u>\$ 65,015,172</u>	<u>\$ 543,959</u>	<u>\$ 343,603</u>	<u>\$ 314,917</u>	<u>\$ (26,597,131)</u>

**22. SUBSEQUENT EVENTS**

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

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). In fiscal year 2022, the District was awarded CRRSA funding of \$1,781,213 through the Elementary and Secondary School Emergency Relief (ESSER) program and \$4,003,246 through the American Reserve Plan Elementary and Secondary School Emergency Relief program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended and the fund deficit at June 30, 2021 will be eliminated.

On July 15, 2021, the District entered into a Master Lease Purchase Agreement with Apple, Inc. for the purchase of iPad tablets. The total payment of \$749,516, which reflects a 0.59% interest rate, will be funded from the District technology budget and paid off over a period of five years with an annual payment of \$149,903 commencing on July 15, 2021 and ending 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, 2021

	Original Budget	Final Budget	Actual		Variance With Final Budget
<b>REVENUES</b>					
Local Sources					
Real property taxes	\$ 212,857,469	\$ 207,874,039	\$ 208,918,743		\$ 1,044,704
Other tax items	6,803,109	11,786,539	11,427,919		(358,620)
Charges for services	5,169,900	5,169,900	4,277,917		(891,983)
Use of money and property	1,173,514	1,173,514	645,993		(527,521)
Sale of property and compensation for loss	42,000	42,000	601,177		559,177
Miscellaneous	360,500	387,457	539,348		151,891
Total Local Sources	226,406,492	226,433,449	226,411,097		(22,352)
State aid	9,079,079	9,079,079	9,349,819		270,740
Federal aid	50,000	50,000	588,286		538,286
Total Revenues	235,535,571	235,562,528	236,349,202		786,674
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	150,000	150,000	20		(149,980)
Total Revenues and Other Financing Sources	235,685,571	235,712,528	<u>\$ 236,349,222</u>		<u>\$ 636,694</u>
Assigned fund balances	3,499,442	9,525,094			
Appropriated reserves	3,510,000	3,510,000			
Total Revenues, Other Financing Sources and Appropriated Fund Balance	<u>\$ 242,695,013</u>	<u>\$ 248,747,622</u>			
	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance With Final Budget and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 187,493	\$ 187,582	\$ 144,899	\$ 9,656	\$ 33,027
Central administration	377,248	396,506	396,420		86
Finance	1,818,149	1,949,230	1,873,944	63,230	12,056
Staff	1,288,069	1,773,682	1,709,647	12,855	51,180
Central services	21,145,550	22,163,744	20,089,291	437,683	1,636,770
Special items	2,498,200	2,512,631	2,286,082	34,409	192,140
Total General Support	27,314,709	28,983,375	26,500,283	557,833	1,925,259
Instruction					
Instruction, administration and improvement	8,614,066	8,986,923	8,515,230	146,501	325,192
Teaching - regular school	71,827,181	75,783,390	70,353,909	146,696	5,282,785
Programs for children with disabilities	35,200,686	36,107,686	36,055,737	51,052	897
Teaching - special school	1,538,710	1,538,460	618,750	819	918,891
Instructional media	2,555,459	2,790,462	2,761,871	28,564	27
Pupil services	7,437,029	7,602,922	6,774,725	76,727	751,470
Total Instruction	127,173,131	132,809,843	125,080,222	450,359	7,279,262
Pupil Transportation	16,097,243	16,095,743	12,843,678		3,252,065
Community Services	971,771	971,771	171,221	7,941	792,609
Employee Benefits	57,922,995	56,201,726	52,293,499	20,058	3,888,169
Debt Service - principal	375,000	1,151,000	1,150,887		113
Debt Service - interest	475,000	169,000	168,469		531
Total Expenditures	230,329,849	236,382,458	218,208,259	1,036,191	17,138,008
<b>OTHER FINANCING USES</b>					
Transfers to other funds	12,365,164	12,365,164	11,863,049		502,115
Total Expenditures and Other Uses	<u>\$ 242,695,013</u>	<u>\$ 248,747,622</u>	230,071,308	<u>\$ 1,036,191</u>	<u>\$ 17,640,123</u>
Net Change in Fund Balance			6,277,914		
Fund Balance - Beginning of Year			65,015,172		
Fund Balance - End of Year			<u>\$ 71,293,086</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 Four 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, 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 meets 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:

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 Seven Fiscal Years

NYSERS	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0646893%	0.0673596%	0.0705394%	0.0726173%	0.0754953%	0.0816308%	0.0760734%
District's proportionate share of the net pension liability (asset)	\$ 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	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 liability (asset) as a percentage of its covered-employee payroll	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 liability coming from plan.	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
NYSTRS	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.598559%	0.591647%	0.598482%	0.603227%	0.620657%	0.617738%	0.608130%
District's proportionate share of the net pension liability (asset)	\$ 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	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 liability (asset) as a percentage of its covered-employee payroll	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 liability coming from plan.	97.76%	102.16%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 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	\$ 3,467,971
Contributions in relation to the contractually required contribution	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	3,467,971
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 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	\$ 22,394,922
Contributions as a percentage of covered-employee payroll	14.56%	14.38%	14.83%	15.13%	15.16%	17.75%	17.36%	20.09%	18.53%	15.49%
	NYSTRS									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 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	\$ 9,559,360
Contributions in relation to the contractually required contribution	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	9,559,360
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	\$ 90,349,285	\$ 87,645,113
Contributions as a percentage of covered-employee payroll	9.41%	8.75%	10.46%	9.58%	11.56%	13.08%	17.27%	16.02%	11.64%	10.91%

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, 2021

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 241,395,571
Add: Prior year's encumbrances	<u>1,299,442</u>
Original Budget	242,695,013
Add: Budget revisions	<u>6,052,609</u>
Final Budget	<u><u>\$ 248,747,622</u></u>

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

2021-22 voter-approved expenditure budget	<u>\$ 252,194,682</u>
Maximum allowed (4% of 2021-22 budget)	<u>\$ 10,087,787</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,220,396
Unassigned fund balance	<u>10,087,787</u>
	\$ 14,308,183
Less:	
Appropriated fund balance	\$ 3,184,205
Encumbrances	<u>1,036,191</u>
	<u>4,220,396</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u>\$ 10,087,787</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, 2021

PROJECT TITLE	Budget June 30, 2021	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
<b>Five-Year Capital Plan</b>										
Clover Drive Center		\$ -0-	\$ 13,490	\$ 13,490						
District-wide		26,807		26,807						
EM Baker School		-0-	139,802	139,802						
North High School		143,009		143,009						
North Middle School		166,146		166,146						
Saddle Rock		105,427		105,427						
South High School		562,544	303,984	866,528						
South Middle School		270,893		270,893						
Grace Ave		57,070	11,765	68,835						
Transfer to General Fund				-0-						
<b>Total Five-Year Capital Plan</b>	<b>\$ 4,846,040</b>	<b>1,331,896</b>	<b>469,041</b>	<b>1,800,937</b>	<b>\$ 3,045,103</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 4,846,040</b>	<b>\$ 4,846,040</b>	<b>\$ 3,045,103</b>
<b>Technology Enhancements</b>										
District-wide		1,900,994	301,301	2,202,295						
EM Baker School		374,223	24,357	398,580						
John F. Kennedy School		350,811	26,205	377,016						
Lakeville School		478,906	33,357	512,263						
North High School		223,836		223,836						
North Middle School		230,622		230,622						
Parkville School		109,241	25,713	134,954						
Saddle Rock		295,664	58,210	353,874						
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						
<b>Total Technology Enhancements</b>	<b>6,147,025</b>	<b>5,096,058</b>	<b>469,143</b>	<b>5,565,201</b>	<b>581,824</b>	<b>-0-</b>	<b>-0-</b>	<b>6,147,025</b>	<b>6,147,025</b>	<b>581,824</b>
<b>Building Conditions Projects</b>										
Clover Drive Center		522,223	65	522,288						
Cumberland Center		1,314,642	12,625	1,327,267						
District-wide		460,330	125,136	585,466						
EM Baker School		995,249	61,020	1,056,269						
Grace Avenue		131,370	20,050	151,420						
Inland Building		33,789	18,958	52,747						
John F. Kennedy School		1,238,763	211,861	1,450,624						
Lakeville School		1,014,951	72,905	1,087,856						
North High School		1,195,271	830,270	2,025,541						
North Middle School		1,197,153	636,578	1,833,731						
Parkville School		979,870	585,600	1,565,470						
Phipps Administration		228,823	133,877	362,700						
Saddle Rock		1,214,326	24,232	1,238,558						
South Grounds		1,239,793		1,239,793						
South High School		1,553,705	79,939	1,633,644						
South Middle School		881,479	596,721	1,478,200						
Village School		330,948	65	331,013						
Transfer to General Fund				-0-						
<b>Total Building Conditions Projects</b>	<b>29,143,718</b>	<b>14,532,685</b>	<b>3,409,902</b>	<b>17,942,587</b>	<b>11,201,131</b>	<b>-0-</b>	<b>581,567</b>	<b>28,562,151</b>	<b>29,143,718</b>	<b>11,201,131</b>
<b>Smart Schools Bond Act</b>										
District-wide	51,864	19,807	32,057	51,864			51,864			
<b>Carried forward</b>	<b>\$ 40,188,647</b>	<b>\$ 20,980,446</b>	<b>\$ 4,380,143</b>	<b>\$ 25,360,589</b>	<b>\$ 14,828,058</b>	<b>\$ -</b>	<b>\$ 633,431</b>	<b>\$ 39,555,216</b>	<b>\$ 40,136,783</b>	<b>\$ 14,828,058</b>

See Paragraph on Other Supplementary 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, 2021

PROJECT TITLE	Budget June 30, 2021	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<b>Brought forward</b>	<b>\$ 40,188,647</b>	<b>\$ 20,980,446</b>	<b>\$ 4,380,143</b>	<b>\$ 25,360,589</b>	<b>\$ 14,828,058</b>	<b>\$ -0-</b>	<b>\$ 633,431</b>	<b>\$ 39,555,216</b>	<b>\$ 40,136,783</b>	<b>\$ 14,828,058</b>
<b>Proposition 2019</b>										
EM Baker School		25,405		25,405						
Lakeville School		11,175		11,175						
Total Proposition 2019	9,749,469	\$ 36,580	-0-	36,580	9,712,889	-0-	-0-	9,749,469	9,749,469	9,712,889
<b>Proposition 2012</b>										
District-wide			8,117	8,117						
Transfer to General Fund			20	20						
Total Proposition 2012	8,137	-0-	8,137	8,137	-0-	-0-	-0-	8,137	8,137	-0-
<b>Proposition 2016 (Capital Reserve)</b>										
Clover Drive		57,381	1,275	58,656						
Cumberland Center		57,267	1,275	58,542						
EM Baker School		1,364,025	4,552	1,368,577						
Grace Avenue		60,718	3,089	63,807						
John F. Kennedy School		1,838,212	136,644	1,974,856						
Lakeville School		1,350,520	9,860	1,360,380						
North High School		3,337,477	23,207	3,360,684						
North Middle School		1,953,582	8,485	1,962,067						
Parkville School		2,511,209	15,387	2,526,596						
Phipps Administration		1,373,928	5,258	1,379,186						
Saddle Rock		1,775,272	8,946	1,784,218						
South High School		955,503	8,839	964,342						
South Middle School		607,437	16,439	623,876						
Village School		56,369	1,275	57,644						
Total Proposition 2016	19,006,997	17,298,900	244,531	17,543,431	1,463,566	-0-	-0-	19,006,997	19,006,997	1,463,566
<b>Proposition 2017 (Bond Projects)</b>										
Clover Drive		2,501	15	2,516						
EM Baker School		2,569,636	4,610,749	7,180,385						
Grace Avenue		2,430		2,430						
John F. Kennedy School		3,316,337	597,008	3,913,345						
Lakeville School		143,332	1,095,748	1,239,080						
North High School		2,162,086	104,875	2,266,961						
North Middle School		165,787	712,791	878,578						
Parkville School		1,087,576	498,852	1,586,428						
Phipps Administration		3,026	20	3,046						
Saddle Rock		172,288	1,343,442	1,515,730						
South High School		9,262,019	5,351,055	14,613,074						
South Middle School		8,267,860	5,512,162	13,780,022						
Village School		4,990		4,990						
Total Proposition 2017	77,847,217	27,159,868	19,826,717	46,986,585	30,860,632	68,339,262	-0-	9,507,955	77,847,217	30,860,632
<b>Capital Leases</b>	588,000	-0-	588,000	588,000	-0-	588,000	-0-	-0-	588,000	-0-
<b>DASNY Grant</b>										
District-wide	125,000	138,212	(13,212)	125,000			125,000			
<b>Totals</b>	<b>\$ 147,513,467</b>	<b>\$ 65,614,006</b>	<b>\$ 25,034,316</b>	<b>\$ 90,648,322</b>	<b>\$ 56,865,145</b>	<b>\$ 68,927,262</b>	<b>\$ 758,431</b>	<b>\$ 77,827,774</b>	<b>\$ 147,336,603</b>	<b>56,865,145</b>
								Unissued Bonds		(6,827,254)
								Capital Projects Fund - Fund Balance		<b>\$ 50,037,891</b>

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
June 30, 2021

Capital assets, net		\$152,813,302
Deduct:		
Premium on bonds payable	\$ 5,596,649	
Short-term portion of bonds payable	1,920,000	
Long-term portion of bonds payable	50,965,000	
Less: Unspent bond proceeds	(24,033,378)	
Short-term portion of capital leases payable	283,553	
Long-term portion of capital leases payable	363,589	
Short-term portion of installment purchase debt	816,699	
Long-term portion of installment purchase debt	<u>2,653,647</u>	<u>(38,565,759)</u>
Net Investment in capital assets		<u><u>\$114,247,543</u></u>

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



VINCENT D. CULLEN, CPA  
(1950 - 2013)

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

To the Board of Education  
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 12, 2021. That report included a qualified opinion on the extraclassroom activities fund opinion unit based on a scope limitation.

**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 may exist that have not been identified.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Great Neck Union Free School District in a separate letter dated November 12, 2021.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

November 12, 2021

