



Great Neck Public Schools

Where Discovery Leads to Greatness

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2020

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 funds of the Great Neck Union Free School District (District), as of and for the year ended June 30, 2020, 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Great Neck Union Free School District, as of June 30, 2020, 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.

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 the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 17 and 64 through 67, 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 68 through 71 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. 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, 2020 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 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, 2020

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

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, 2020. 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

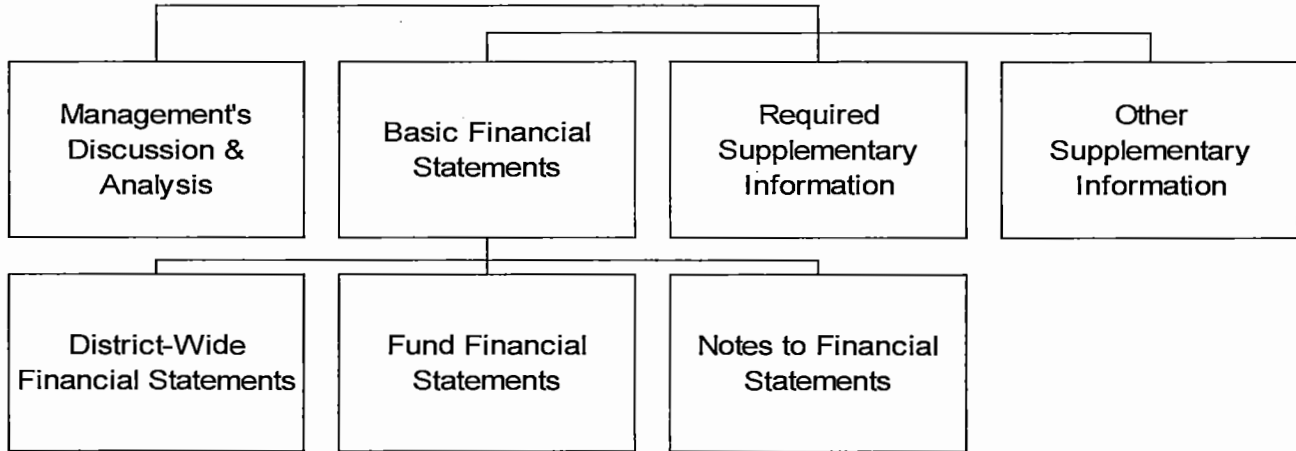
Key financial highlights for year 2020 are as follows:

- On the district-wide financial statements, total net position (deficit) decreased by \$15,955,888 to \$(27,799,610) for the year ended June 30, 2020, compared to a net position (deficit) balance of \$(11,843,722) at June 30, 2019.
- On the district-wide financial statements, the District's expenses for the year totaled \$256,654,541. Of this amount, \$11,992,998 was offset by program charges for services and operating grants. General revenues of \$228,705,655 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 \$3,946,438 to \$65,015,172.
- On the Balance Sheet, the general fund's unassigned fund balance at year end was \$9,626,018. This represents an increase of \$537,909 over the prior year.
- The District's 2020 property tax levy of \$207,518,286 was a 1.94% increase over the 2019 tax levy. The District's property tax cap was 4.09%.
- On June 24, 2020 the District issued bonds with a par value of \$9,155,000 and received a premium of \$923,309 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 \$19,609,020 to be borrowed as the project progresses.
- On December 3, 2019 the District's voters approved the transfer of \$9,749,469 from a partial liquidation of the workers compensation and retirement contribution reserve to be re-directed for capital projects relating to the EM Baker and Lakeville elementary schools.
- On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public-Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic based on the rapid increase in exposure globally. New York City and surrounding areas were particularly hard hit by the coronavirus. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, forced closures for certain types of public places and businesses. The coronavirus and actions taken globally and especially in New York State to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area the District operates. While it is unknown how long these conditions will last and what the complete financial impact will be to the District, the District is expecting it to negatively impact its revenues and expenditures.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

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, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

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, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (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.

Governmental Funds (continued)

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 five individual governmental funds: general fund, special aid fund, school food service fund, debt service fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

The District's total net position decreased by \$12,215,617 between fiscal year 2019 and 2020. A summary of the District's Statements of Net Position follows:

	6/30/2020	6/30/2019	Change	Percent Change
Current and other assets	\$ 147,421,879	\$ 140,288,979	\$ 7,132,900	5.1%
Capital assets, net	130,757,527	111,574,537	19,182,990	17.2%
Net pension asset - proportionate share	15,371,031	10,822,130	4,548,901	42.0%
Total assets	<u>293,550,437</u>	<u>262,685,646</u>	<u>30,864,791</u>	11.7%
Deferred outflows of resources	<u>119,267,244</u>	<u>79,291,147</u>	<u>39,976,097</u>	50.4%
Other liabilities	25,454,255	23,723,738	1,730,517	7.3%
Non-current liabilities	375,876,442	309,402,023	66,474,419	21.5%
Net pension liability - proportionate share	<u>17,837,219</u>	<u>4,997,929</u>	<u>12,839,290</u>	256.9%
Total liabilities	<u>419,167,916</u>	<u>338,123,690</u>	<u>81,044,226</u>	24.0%
Deferred inflows of resources	<u>21,449,375</u>	<u>15,696,825</u>	<u>5,752,550</u>	36.6%
Net position (deficit):				
Net investment in capital assets	109,757,336	106,048,400	3,708,936	3.5%
Restricted	54,065,410	53,648,678	416,732	0.8%
Unrestricted (Deficit)	<u>(191,622,356)</u>	<u>(171,540,800)</u>	<u>(20,081,556)</u>	-11.7%
Total net position (deficit)	<u>\$ (27,799,610)</u>	<u>\$ (11,843,722)</u>	<u>\$ (15,955,888)</u>	134.7%

Current and other assets increased by \$7,132,900, as compared to the prior year. The increase is primarily related to increases in taxes receivable, state and federal aid receivable, amounts due from other governments and cash balance as compared to prior year.

Capital assets, net of depreciation, increased by \$19,182,990, 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 increased by \$4,548,901 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.

Deferred outflows of resources increased by \$39,976,097 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, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

Current and other liabilities increased by \$1,730,517, as compared to the prior year. This increase was primarily related to an increase in the accounts payable, offset by decreases in amounts due to the Teachers' Retirement System ("TRS") and unearned revenue.

Non-current liabilities increased by \$66,474,419 as compared to the prior year. This increase was primarily in connection with a \$58,645,478 increase in the liability for other postemployment benefits and the current year issuance of \$9,155,000 serial bonds plus premium received in the amount of \$923,309, net of the repayment of current maturity of the bond indebtedness.

Net pension liability – proportionate share increased by \$12,839,290 in the current year. This liability represents the District's share of 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 \$5,752,550 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 \$3,708,936 due to capital acquisitions, net of current year's depreciation, plus current year bond principal, installment purchase debt and capital lease payments.

Restricted net position at June 30, 2020 is \$54,065,410 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 \$416,732 primarily due to the funding of reserves during the year, net of the use of reserves.

The unrestricted net deficit of \$(191,622,356) 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 \$15,955,888 or 103.1% to \$(27,799,610) for the year ended June 30, 2020, compared to \$(11,843,722), at June 30, 2019.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 6,321,832	\$ 7,789,633	\$ (1,467,801)	-18.8%
Operating grants	5,671,166	5,445,085	226,081	4.2%
General revenues:				
Real property taxes	202,165,634	196,919,001	5,246,633	2.7%
Other tax items and STAR	13,681,151	14,405,925	(724,774)	-5.0%
State aid	9,626,765	9,267,346	359,419	3.9%
Use of money and property	2,221,062	2,184,735	36,327	1.7%
Other	1,011,043	1,013,803	(2,760)	-0.3%
Total revenues	<u>240,698,653</u>	<u>237,025,528</u>	<u>3,673,125</u>	1.6%
Expenses				
General support	38,110,148	33,857,446	4,252,702	12.6%
Instruction	200,415,977	175,729,848	24,686,129	14.0%
Pupil transportation	13,164,767	13,301,804	(137,037)	-1.0%
Community services	1,287,668	1,384,505	(96,837)	-7.0%
Debt services - interest	1,382,303	177,875	1,204,428	677.1%
School food service program	2,293,678	2,449,169	(155,491)	-6.3%
Total expenses	<u>256,654,541</u>	<u>226,900,647</u>	<u>29,753,894</u>	13.1%
Change in net position	<u>\$ (15,955,888)</u>	<u>\$ 10,124,881</u>	<u>\$ (26,080,769)</u>	-257.6%

The District's revenues increased by \$3,673,125 or 1.6% for the year ended June 30, 2020. The main area of increase was in real property taxes. This was offset by decreases in charges for services and other tax items and STAR as compared to the prior year.

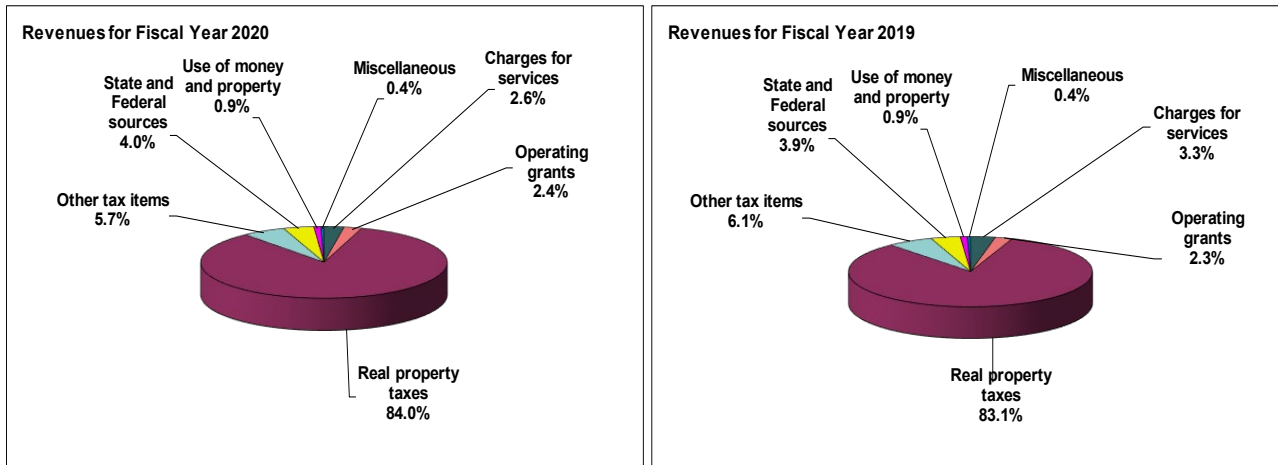
The District's expenses increased by \$29,753,894 or 13.1% for the year ended June 30, 2020. The increase was primarily the result of increases in the costs of instruction as a result of salary increases and increases in benefit costs.

**GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020**

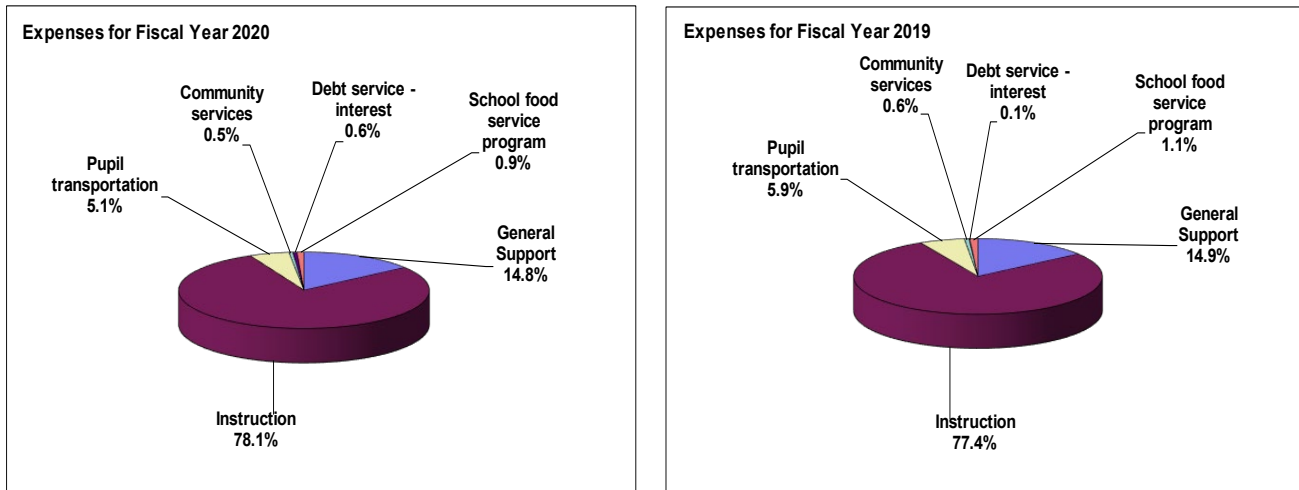
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results (continued)

As indicated on the pie charts below, real property taxes is the largest component of revenues recognized, representing 84.0% and 83.1% of the total revenues for the years ended June 30, 2020 and 2019, respectively. Instruction expenses is the largest category of expenses incurred at 78.2% and 77.4% of the total expenses for the years ended June 30, 2020 and 2019, 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, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$121,715,868, which is an increase of \$5,272,460 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>Increase (Decrease)</u>
General Fund			
Restricted:			
Debt	\$ -0-	\$ 152,813	\$ (152,813)
Unemployment Insurance	1,616,574	1,497,344	119,230
Employee Benefit			
Accrued Liability Reserve	11,534,048	10,465,556	1,068,492
Workers' Compensation	13,517,189	14,533,536	(1,016,347)
Retirement Contribution- ERS	21,485,399	21,863,299	(377,900)
Retirement Contribution- TRS	3,736,502	1,845,660	1,890,842
Assigned	3,499,442	1,622,417	1,877,025
Unassigned	9,626,018	9,088,109	537,909
	<u>65,015,172</u>	<u>61,068,734</u>	<u>3,946,438</u>
School Food Service Fund			
Nonspendable:			
Inventory	76,743	73,399	3,344
Assigned	1,256,147	1,701,948	(445,801)
	<u>1,332,890</u>	<u>1,775,347</u>	<u>(442,457)</u>
Debt Service Fund			
Restricted:			
Debt	467,601	29,508	438,093
Capital Projects Fund			
Restricted:			
Capital	1,708,097	3,260,962	(1,552,865)
Unspent Bond Proceeds	31,078,329	38,651,933	(7,573,604)
Assigned	22,113,779	11,656,924	10,456,855
	<u>54,900,205</u>	<u>53,569,819</u>	<u>1,330,386</u>
 Total Fund Balance	 <u>\$ 121,715,868</u>	 <u>\$ 116,443,408</u>	 <u>\$ 5,272,460</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020**

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

General Fund

The general fund - fund balance increased by \$3,946,438 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 for property taxes than in the prior year, and total expenditures, exclusive of other financing uses, were higher than the prior year by approximately \$998,000.

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

	Balance @ June 30, 2019	Use of Reserves	Interest	Funding	Balance @ June 30, 2020	Appropriated for June 30, 2021
Debt Service	\$ 152,813	\$ (152,813)				
Unemployment Insurance	1,497,344	(15,000)	\$ 11,230	\$ 123,000	\$ 1,616,574	\$ 10,000
Employee Benefit Accrued Liability	10,465,556	(10,000)	78,492	1,000,000	11,534,048	500,000
Workers Compensation	14,533,536	(8,325,349)	109,002	7,200,000	13,517,189	1,000,000
Retirement Contributions- ERS	21,863,299	(3,541,875)	163,975	3,000,000	21,485,399	2,000,000
Retirement Contributions- TRS	1,845,660		13,842	1,877,000	3,736,502	
	<u>\$ 50,358,208</u>	<u>\$ (12,045,037)</u>	<u>\$ 376,541</u>	<u>\$ 13,200,000</u>	<u>\$ 51,889,712</u>	<u>\$ 3,510,000</u>

School Food Service Fund

The school food service fund - fund balance decreased by \$442,457, as a result of expenditures exceeding revenues during the year.

Debt Service Fund

The debt service fund - fund balance increased by \$438,093. The increase is related to interest earnings.

Capital Projects Fund

The capital projects fund - fund balance increased by \$1,330,386. The District made total transfers of \$14,065,469 from the general fund to fund capital projects. The District received e-rate reimbursements totaling \$119,176. Expenditures were made for several projects totaling \$22,923,261. During the year the District received proceeds from the issuance of serial bonds totaling \$9,155,000 and \$923,309 of premiums. The capital projects fund also transferred \$9,307 back to the general fund, which was the balance remaining from completed projects.

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

	Balance @ June 30, 2019	Use of Reserves	Interest	Balance @ June 30, 2020
2016 Capital Reserve	<u>\$ 19,006,997</u>	<u>\$ 17,298,900</u>	<u>\$ -0-</u>	<u>\$ 1,708,097</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020**

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

General Fund Budgetary Highlights

2019 -20 Budget

The District's general fund adopted budget for the year ended June 30, 2020, was \$234,418,944. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,622,417, and the approval of various budget adjustment increases of \$9,809,156 for a total final budget of \$245,850,517.

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	\$ 9,088,109
Revenues Over Budget	950,441
Expenditures and Encumbrances Under Budget	15,364,009
Allocation to Reserves	(13,576,541)
Appropriated for the 2020-2021 Budget	<u>(2,200,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 9,626,018</u>

Opening, Unassigned Fund Balance

The \$9,088,109 shown in the table above is the portion of the District's June 30, 2019 fund balance that was reported as unassigned. This was 3.88% of the District's 2019-20 approved operating budget of \$234,418,944.

Revenues Over Budget

The 2019-20 final budget for revenues was \$232,183,063. Actual revenues recognized for the year were \$233,133,504. The excess of actual revenues over estimated or budgeted revenues amounted to \$950,441. The District recognized revenues in excess of that anticipated in the following areas: other tax items – payments in lieu of taxes, use of money and property- interest on deposits and investments and insurance recoveries, offset by charges for service. Revenues over budget contribute directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2019 to June 30, 2020.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

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

General Fund Budgetary Highlights (continued)

Expenditures and Encumbrances Under Budget

The 2019-20 final budget for expenditures, including prior year open encumbrances and budget revisions amounted to \$245,850,517. Actual expenditures as of June 30, 2020 were \$229,187,066. Outstanding encumbrances as of June 30, 2020 were \$1,299,442. Combined, the expenditures plus encumbrances for 2019-20 were \$230,486,508. The final budget variance was \$15,364,009. 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, 2019 to June 30, 2020.

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 \$2,200,000 of its available June 30, 2020 fund balance to partially fund its 2020-21 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previously presented table, the District will begin the 2020-21 fiscal year with an unassigned fund balance of \$9,626,018. This is an increase of \$537,909, as compared to the prior year. This is 3.99% of the District's 2020-21 approved operating budget of \$241,395,571.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020 and 2019, 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, 2020. A summary of the District's capital assets, net of accumulated depreciation, at June 30, 2020 and 2019 is as follows:

Category	6/30/2020	6/30/2019	% Change
Land	\$ 2,798,112	\$ 2,798,112	0.0%
Construction-in-progress	40,515,501	27,900,821	45.2%
Building and improvements	58,607,337	58,066,310	0.9%
Site improvements	15,690,155	12,854,464	22.1%
Furniture and equipment	13,146,422	9,954,830	32.1%
Totals	<u>\$ 130,757,527</u>	<u>\$111,574,537</u>	17.2%

Capital additions for the year ended June 30, 2020 were \$23,995,875. Depreciation expense for the year was \$4,784,601. Loss on disposition of assets for the year was \$28,284.

Debt Administration

A summary of the long-term debt at June 30, 2020 and 2019 is as follows:

Category	6/30/2020	6/30/2019	% Change
General obligation bonds, inclusive of premiums	\$ 47,398,145	\$ 38,651,933	22.6%
Capital lease payable	425,073	516,387	-17.7%
Installment purchase debt	4,255,302	5,009,750	-15.1%
Other postemployment benefits payable	304,015,603	245,370,125	23.9%
Compensated absences	15,862,494	15,458,420	2.6%
Workers' compensation claims payable	3,919,825	4,395,408	-10.8%
Net pension liability - proportionate share	17,837,219	4,997,929	256.9%
Totals	<u>\$ 393,713,661</u>	<u>\$ 314,399,952</u>	25.2%

At June 30, 2020, the District had total bonds payable (inclusive of unamortized premiums) of \$47,398,145. The increase in outstanding debt represents new serial bonds, net of the repayment of the current maturity of bond indebtedness. There remains \$19,609,020 to be borrowed based on the 2017 voter approved capital project.

The District entered into new equipment leases totaling \$276,380 during the year ended June 30, 2020. The decrease in capital lease payable represents the scheduled principal payments less the addition of the new leases.

At June 30, 2020, the District had total installment purchase debt payable of \$4,255,302. The decrease in total installment purchase debt represents scheduled principal payments.

GREAT NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

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 June 9, 2020, for the year ending June 30, 2021, is \$241,395,571. This is an increase of \$6,976,627 or 2.98% over the previous year's budget. The increases are primarily in the capital projects and transportation areas of the budget.

The District's adopted budget reflects non-property tax revenues at a decrease of \$1,776,988 from the current year's budget. The assigned-appropriated fund balance the District applied to the 2020-21 budget to reduce taxes is \$2,200,000. The District did not assign any fund balance to the 2019-20 budget in the prior year. The District appropriated \$3,510,000 of restricted fund balance to be applied to the June 30, 2021 budget, which is an increase of \$1,214,432. The adopted budget reflects an increase in property tax revenues of 2.57%.

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

The property tax credit program provides an incentive for the District to be tax cap compliant.

Pursuant to the language in the New York State Enacted State Budget, the Division of Budget (DoB) has reduced the payments to 80% of the total amount due to the District. It is not clear whether the additional 20% is just delayed, or whether it will be paid at all. Additionally, going forward it looks like any aid payment with a statutory due date will be paid at 80% of the amount due, but anything without a statutory due date may be completely withheld by DoB, at this time.

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, 2020

ASSETS

Cash		
Unrestricted	\$	47,156,132
Restricted		85,143,739
Receivables		
State and Federal aid		2,443,224
Due from other governments		3,074,290
Due from fiduciary funds		380,490
Taxes		8,598,621
Other		548,640
Inventories		76,743
		<hr/>
Total Current Assets		147,421,879
		<hr/>
Non-depreciable capital assets		43,313,613
Depreciable capital assets, net of depreciation		87,443,914
Net pension asset-proportionate share		15,371,031
		<hr/>
Total Non-Current Assets		146,128,558
		<hr/>
Total Assets		293,550,437

DEFERRED OUTFLOWS OF RESOURCES

Other postemployment benefits		56,768,873
Pensions		62,498,371
		<hr/>
Total Deferred Outflows of Resources		119,267,244

LIABILITIES

Accounts payable		12,008,756
Accrued liabilities		1,017,093
Compensated absences payable		366,059
Due to other governments		554,382
Due to teachers' retirement system		9,683,479
Due to employees' retirement system		829,235
Unearned revenue		922,784
Accrued interest		72,467
Non-current liabilities		
Due and payable within one year:		
Bonds payable, inclusive of premiums		1,698,262
Capital leases payable		217,279
Installment purchase debt payable		784,956
Compensated absences payable		793,125
Workers' compensation claims payable		195,991
Due and payable after one year:		
Bonds payable, inclusive of premiums		45,699,883
Capital leases payable		207,794
Installment purchase debt payable		3,470,346
Other postemployment benefits payable		304,015,603
Compensated absences payable		15,069,369
Workers' compensation claims payable		3,723,834
Net pension liability - proportionate share		17,837,219
		<hr/>
Total Liabilities		419,167,916

DEFERRED INFLOWS OF RESOURCES

Pensions		21,449,375
		<hr/>
Total Deferred Inflows of Resources		21,449,375

NET POSITION (DEFICIT)

Net Investment in capital assets		109,757,336
Restricted		54,065,410
Unrestricted (Deficit)		(191,622,356)
		<hr/>
Total Net Position (Deficit)	\$	(27,799,610)

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	\$ 38,110,148			\$ (38,110,148)
Instruction	200,415,977	\$ 5,165,118	\$ 5,062,408	(190,188,451)
Pupil transportation	13,164,767			(13,164,767)
Community service	1,287,668			(1,287,668)
Debt service - interest	1,382,303			(1,382,303)
School food service program	2,293,678	1,156,714	608,758	(528,206)
	<u>\$ 256,654,541</u>	<u>\$ 6,321,832</u>	<u>\$ 5,671,166</u>	<u>(244,661,543)</u>
GENERAL REVENUES				
Real property taxes				202,165,634
Other tax items and STAR				13,681,151
Use of money and property				2,221,062
Sale of property and compensation for loss				463,440
State aid				9,626,765
Miscellaneous				547,603
				<u>228,705,655</u>
Total General Revenues				<u>228,705,655</u>
Change in Net Position				(15,955,888)
Total Net Position (Deficit) - Beginning of Year				<u>(11,843,722)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (27,799,610)</u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 15,508,181	\$ 3,131,014	\$ 1,688,030		\$ 26,828,907	\$ 47,156,132
Restricted	52,337,681			\$ 19,632	32,786,426	85,143,739
Receivables						
State and federal aid	495,606	1,908,661	38,957			2,443,224
Due from other governments	3,074,290					3,074,290
Due from other funds	6,919,310			447,969		7,367,279
Due from fiduciary funds	380,490					380,490
Taxes	8,598,621					8,598,621
Other	464,867	76,034	7,739			548,640
Inventories			76,743			76,743
Total Assets	<u>\$ 87,779,046</u>	<u>\$ 5,115,709</u>	<u>\$ 1,811,469</u>	<u>\$ 467,601</u>	<u>\$ 59,615,333</u>	<u>\$ 154,789,158</u>
LIABILITIES						
Accounts payable	\$ 9,771,383	\$ 242,529	\$ 71,421		\$ 1,923,423	\$ 12,008,756
Accrued liabilities	900,258	20,147	96,688			1,017,093
Compensated absences payable	366,059					366,059
Due to other funds		4,575,574			2,791,705	7,367,279
Due to other governments	554,382					554,382
Due to teachers' retirement system	9,683,479					9,683,479
Due to employees' retirement system	829,235					829,235
Unearned revenue	334,855	277,459	310,470			922,784
Total Liabilities	<u>22,439,651</u>	<u>5,115,709</u>	<u>478,579</u>	<u>\$ -0-</u>	<u>4,715,128</u>	<u>32,749,067</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	324,223					324,223
Total Deferred Inflows of Resources	<u>324,223</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>324,223</u>
FUND BALANCES						
Non-spendable						
Inventories			76,743			76,743
Restricted:						
Debt Service				467,601		467,601
Capital					1,708,097	1,708,097
Unspent bond proceeds					31,078,329	31,078,329
Unemployment Insurance	1,616,574					1,616,574
Employee Benefit Accrued Liability	11,534,048					11,534,048
Workers' Compensation	13,517,189					13,517,189
Retirement Contribution- ERS	21,485,399					21,485,399
Retirement Contribution- TRS	3,736,502					3,736,502
Assigned	3,499,442		1,256,147		22,113,779	26,869,368
Unassigned	9,626,018					9,626,018
Total Fund Balances	<u>65,015,172</u>	<u>-0-</u>	<u>1,332,890</u>	<u>467,601</u>	<u>54,900,205</u>	<u>121,715,868</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 87,779,046</u>	<u>\$ 5,115,709</u>	<u>\$ 1,811,469</u>	<u>\$ 467,601</u>	<u>\$ 59,615,333</u>	<u>\$ 154,789,158</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, 2020

Total Governmental Fund Balances		\$ 121,715,868
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	\$ 43,313,613	
Capital assets - depreciable	172,990,245	
Accumulated depreciation	<u>(85,546,331)</u>	130,757,527
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	72,467	
General obligation bonds payable	42,730,000	
Unamortized bond premium	4,668,145	
Capital lease payable	425,073	
Installment purchase debt	4,255,302	
Other postemployment benefits payable	304,015,603	
Compensated absences payable	15,862,494	
Workers' compensation claims payable	<u>3,919,825</u>	(375,948,909)
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.		
		324,223
Certain amounts reported for the proportionate share of the District's pension asset and/or deferred outflows are not considered current available resources and are therefore not reported in the funds.		
Net pension asset-proportionate share	15,371,031	
OPEB - deferred outflows	56,768,873	
Pensions - deferred outflows	<u>62,498,371</u>	134,638,275
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	17,837,219	
Pensions - deferred inflows	<u>21,449,375</u>	<u>(39,286,594)</u>
Net Position of Governmental Activities		<u>\$ (27,799,610)</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, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 202,165,634					\$ 202,165,634
Other tax items	13,681,151					13,681,151
Charges for services	5,165,118					5,165,118
Use of money and property	1,754,842		\$ 28,127	\$ 438,093		2,221,062
Sale of property and compensation for loss	463,440					463,440
State aid	9,447,858	\$ 2,003,602	25,857			11,477,317
Sales - school food service			1,140,964			1,140,964
Miscellaneous	435,613	482,263	15,750		\$ 119,176	1,052,802
Federal aid	10,541	2,566,002	456,755			3,033,298
Surplus food			126,146			126,146
Total Revenues	<u>233,124,197</u>	<u>5,051,867</u>	<u>1,793,599</u>	<u>438,093</u>	<u>119,176</u>	<u>240,526,932</u>
EXPENDITURES						
General support	26,102,191					26,102,191
Instruction	118,606,448	6,954,070				125,560,518
Pupil transportation	12,305,637					12,305,637
Community service	792,293	149,854				942,147
Employee benefits	51,468,228					51,468,228
Debt service:						
Principal	1,122,141			1,135,000		2,257,141
Interest	198,920			1,338,682		1,537,602
Cost of sales			2,236,056			2,236,056
Capital outlay					22,923,261	22,923,261
Total Expenditures	<u>210,595,858</u>	<u>7,103,924</u>	<u>2,236,056</u>	<u>2,473,682</u>	<u>22,923,261</u>	<u>245,332,781</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,528,339</u>	<u>(2,052,057)</u>	<u>(442,457)</u>	<u>(2,035,589)</u>	<u>(22,804,085)</u>	<u>(4,805,849)</u>
OTHER FINANCING SOURCES AND (USES)						
Proceeds from Serial bond					9,155,000	9,155,000
Bond Premiums					923,309	923,309
Operating transfers in	9,307	2,052,057		2,473,682	14,065,469	18,600,515
Operating transfers (out)	(18,591,208)				(9,307)	(18,600,515)
Total Other Sources (Uses)	<u>(18,581,901)</u>	<u>2,052,057</u>	<u>-0-</u>	<u>2,473,682</u>	<u>24,134,471</u>	<u>10,078,309</u>
Net Changes in Fund Balances	3,946,438	-0-	(442,457)	438,093	1,330,386	5,272,460
Fund Balance - Beginning of Year	61,068,734	-0-	1,775,347	29,508	53,569,819	116,443,408
Fund Balance - End of Year	<u>\$ 65,015,172</u>	<u>\$ -0-</u>	<u>\$ 1,332,890</u>	<u>\$ 467,601</u>	<u>\$ 54,900,205</u>	<u>\$ 121,715,868</u>

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, 2020

Net Changes in Fund Balances - Total Governmental Funds		\$ 5,272,460
Amounts reported for governmental activities in the Statement of Activities are different because:		
<u>Long-term revenue and expense differences</u>		
Certain expenditures in governmental funds requiring the use of current financial resources 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 payable		475,583
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		(404,074)
In the statement of activities, certain revenues are measured by the amounts earned during the year. In governmental funds, however, revenues for these items are measured by the amount of financial resources provided.		
		171,721
<u>Pension differences</u>		
(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	\$ (10,204,662)	
Employees' Retirement System	<u>(3,349,840)</u>	(13,554,502)
<u>Other postemployment benefit (OPEB) differences</u>		
(Increases) in the District's total OPEB liability do not require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds.		
		(19,157,818)
<u>Capital related differences</u>		
Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital Outlay	23,992,060	
Depreciation expense	<u>(4,784,601)</u>	19,207,459
<u>Long-term debt transaction differences</u>		
Interest on long-term debt in the Statements of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from June 30, 2019 to June 30, 2020.		
	(41,798)	
The amortization of the deferred premium on the bonds, decreases interest expense in the Statement of Activities		
	<u>197,097</u>	155,299
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	(9,155,000)	
Bond premium	(923,309)	
Repayment bond principal	1,135,000	
Proceeds from capital lease	(276,379)	
Repayment capital lease principal	367,693	
Repayment installment purchase debt principal	<u>754,448</u>	<u>(8,097,547)</u>
Change in Net Position of Governmental Activities		<u>\$ (15,955,888)</u>

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	Agency	Private Purpose Trusts
ASSETS		
Cash		
Unrestricted	\$ 1,042,534	
Restricted		\$ 403,961
Investments		254,559
Accounts receivable	68,711	
Total Assets	\$ 1,111,245	658,520
LIABILITIES		
Due to governmental funds	380,490	
Extraclassroom activity balances	543,959	
Other liabilities	186,796	
Total Liabilities	\$ 1,111,245	-0-
NET POSITION		
Net position - restricted - permanent		314,917
Net position - restricted - temporary		343,603
Total net position		\$ 658,520

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2020

		Private Purpose Trusts
ADDITIONS		
Gifts and contributions	\$	194,904
Investment earnings		2,548
Unrealized loss on investments		(4,889)
Total Additions		192,563
 DEDUCTIONS		
Scholarships and awards		99,190
Total Deductions		99,190
Change in Net Position		93,373
Net Position - Beginning of Year		565,147
Net Position - End of Year	\$	658,520

See Notes to Financial Statements.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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, the following is a brief description of certain entities included in the District's reporting entity.

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Agency Fund. Separate audited financial statements of the extraclassroom activity funds are available at the District's business office.

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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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.

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:

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

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.

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:

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which scholarship benefits are provided for students and in which net position-restricted-permanent principals are held in perpetuity, and income generated is used for annual third-party awards and scholarships for students. Established criteria govern the use of the funds. Members of the District or representatives of the donors may serve on committees to oversee benefits.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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 fund 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.

The District also levies the real property taxes for the Great Neck Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in 12 installments. These pass-through amounts are not included in the District's real property revenues.

Uncollected real property taxes are the responsibility 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, 2020

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.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues.

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 \$4,174,614 in LIPA PILOT revenue during the 2019-2020 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, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Interfund Transactions (continued)

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

I. Use of Estimates

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

J. Cash and Cash Equivalents/Investments

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

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

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, 2020

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	50 years
Buildings and improvements	\$ 5,000	Straight line	50 years
Furniture and equipment	\$ 1,500	Straight line	5-20 years

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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) 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, 2020

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 13.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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, 2020.

The District may issue bond anticipation notes ("BAN"), in anticipation of proceeds from the subsequent issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through and including 2021. No BANs were issued or outstanding during the year ended June 30, 2020.

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, 2020

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 inventory recorded in the school food service fund of \$76,743.

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, 2020

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 private purpose trust 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 in the total amount of \$3,499,442. 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, 2020

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. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District's general fund unassigned fund balance is within the legal limit.

Order of Use of Fund Balance

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, 2020, The District adopted the following:

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", effective immediately. This Statement postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018 and later. The new effective dates of applicable standards are presented in Note 1 V, in accordance with this standard.

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. 84, *Fiduciary Activities*, as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of the new Statement become effective for the District for the year ending June 30, 2021.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Future Changes in Accounting Standards (continued)

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.

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.

The District will evaluate the impact these pronouncements may have on its financial statements and will implement them as applicable and when material.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Pension Differences

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

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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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 (continued)

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Various general and instructional expenditures funded by donations	\$ 19,556
Carpentry expenditures funded by insurance recoveries	40,131
Voter approved Proposition on December 3, 2019, transfer to capital projects fund for various improvements	<u>9,749,469</u>
Total	<u>\$ 9,809,156</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgets (continued)

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

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

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as amounts assigned in the general fund's fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred, or the commitment is paid.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

None of the Districts' bank balances that were not covered by Federal deposit insurance were exposed to custodial credit risk as described above.

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

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

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 Private Purpose Trust Fund. The carrying amounts at June 30, 2020 totaled \$254,559, and the unrealized loss for the year was \$4,891. The types of investments held were U.S. Treasury Securities and a sweep account with investments in municipal bonds and they were held by the District's agent in the District's name.

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

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

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

Investment Pool

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

Total investments of the cooperative as of June 30, 2020 are \$3,367,388,471 which consisted of \$218,847,408 in repurchase agreements, \$2,065,434,436 in U.S. Treasury Securities and \$1,083,106,627 in collateralized bank deposits, with various interest rates and due dates.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investment pool assets are reported as cash as follows:

Fund	Carrying Amount
General Fund	\$ 40,143,062
School Food Service Fund	1,563,525
Capital Projects Fund	52,763,183
Private Purpose Trust Fund	157,138
	\$ 94,626,908

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

5. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed \$5,389,399 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$835,554. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

6. DUE FROM STATE AND FEDERAL AID

Due from state and federal aid at June 30, 2020, consisted of:

General Fund:	
NYS Excess Cost Aid	\$ 484,555
NYS transportation aid	11,051
	495,606
Special Aid Fund:	
Federal and State Grants	1,908,661
School Food Service Fund:	
Federal and State	
School Food Service Reimbursements	38,957
	38,957
Total Due From State and Federal	\$ 2,443,224

District management expects these amounts to be fully collectible.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2020, consisted of:

General Fund:	
Due from NYS -medicaid billing	\$ 8,413
Due from receiver of taxes- interest	17,157
Due from BOCES	885,424
Due from Other Districts	2,156,473
Due from Nassau County	6,823
Total Due From Other Governments	<u>\$ 3,074,290</u>

District management expects these amounts to be fully collectible.

8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets that are not depreciated:				
Land	\$ 2,798,112			\$ 2,798,112
Construction in progress	27,900,821	\$ 21,839,645	\$ (9,224,965)	40,515,501
Total nondepreciable assets	<u>30,698,933</u>	<u>21,839,645</u>	<u>(9,224,965)</u>	<u>43,313,613</u>
Capital assets that are depreciated:				
Buildings and improvements	118,094,832	2,971,350		121,066,182
Site improvements	17,837,824	3,384,845	(2,598)	21,220,071
Furniture and equipment	26,883,667	5,021,185	(1,200,860)	30,703,992
Total depreciable assets	<u>162,816,323</u>	<u>11,377,380</u>	<u>(1,203,458)</u>	<u>172,990,245</u>
Less accumulated depreciation:				
Buildings and improvements	60,028,522	2,430,323		62,458,845
Site improvements	4,983,360	547,466	(910)	5,529,916
Furniture and equipment	16,928,837	1,806,812	(1,178,079)	17,557,570
Total accumulated depreciation	<u>\$ 81,940,719</u>	<u>\$ 4,784,601</u>	<u>\$ (1,178,989)</u>	<u>85,546,331</u>
Total capital assets, net				<u>\$ 130,757,527</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

8. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,482,055
Instruction	3,127,124
Pupil Transportation	80,519
Community service	2,792
School food service program	<u>92,111</u>
Total governmental activities depreciation expense	<u>\$ 4,784,601</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, 2020, the District has not recorded any such impairment losses.

9. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2020, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 6,919,310		\$ 9,307	\$ 18,591,208
Special Aid Fund		\$ 4,575,574	2,052,057	
Debt Service Fund	447,969		2,473,682	
Capital Projects Fund		2,791,705	14,065,469	9,307
	<u>7,367,279</u>	<u>7,367,279</u>	<u>\$ 18,600,515</u>	<u>\$ 18,600,515</u>
General Fund	380,490			
Fiduciary Fund		380,490		
	<u>\$ 7,747,769</u>	<u>\$ 7,747,769</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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

9. INTERFUND TRANSACTIONS (continued)

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 activity 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	\$ 34,710,000	\$ 9,155,000	\$ 1,135,000	\$ 42,730,000	\$ 1,455,000	\$ 41,275,000
Add: Premiums on obligations	3,941,933	923,309	197,097	4,668,145	243,262	4,424,883
	<u>38,651,933</u>	<u>10,078,309</u>	<u>1,332,097</u>	<u>47,398,145</u>	<u>1,698,262</u>	<u>45,699,883</u>
Capital lease payable	516,387	276,379	367,693	425,073	217,279	207,794
Installment purchase debt (energy performance contract)	5,009,750		754,448	4,255,302	784,956	3,470,346
Other postemployment benefits	245,370,125	64,399,862	5,754,384	304,015,603		304,015,603
Compensated absences	15,458,420	826,124	422,050	15,862,494	793,125	15,069,369
Workers' compensation claims payable	4,395,408	496,749	972,332	3,919,825	195,991	3,723,834
Net pension liability - proportionate share	4,997,929	12,839,290		17,837,219		17,837,219
Total non-current liabilities	<u>\$ 314,399,952</u>	<u>\$ 88,916,713</u>	<u>\$ 9,603,004</u>	<u>\$ 393,713,661</u>	<u>\$ 3,689,613</u>	<u>\$ 390,024,048</u>

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.

Existing serial bond obligations:

Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/20
June 2019	June 2039	2.75-5.00%	\$ 33,575,000
June 2020	June 2040	2.00-5.00%	9,155,000
			<u>\$ 42,730,000</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

10. LONG-TERM DEBT (continued)

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

	Principal	Interest	Total
Year ended June 30, 2021	\$ 1,455,000	\$ 1,629,009	\$ 3,084,009
2022	1,520,000	1,563,975	3,083,975
2023	1,595,000	1,487,975	3,082,975
2024	1,675,000	1,408,225	3,083,225
2025	1,760,000	1,324,475	3,084,475
2026-2030	10,180,000	5,233,475	15,413,475
2031-2035	12,475,000	2,930,125	15,405,125
2036-2040	12,070,000	874,925	12,944,925
Totals	<u>\$ 42,730,000</u>	<u>\$ 16,452,184</u>	<u>\$ 59,182,184</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, 2021	\$ 243,262
2022	243,262
2023	243,262
2024	243,262
2025	243,262
2026-2030	1,216,310
2031-2035	1,216,310
2036-2040	1,019,215
Total	<u>\$ 4,668,145</u>

Interest on long-term debt for the year ended June 30, 2020 was comprised of:

Interest paid	\$ 1,537,602
Less: interest accrued in the prior year	(30,669)
Less: amortization of premium	(197,097)
Plus: interest accrued in the current year	72,467
Total interest expense on long-term debt	<u>\$ 1,382,303</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 \$1,634,240 and accumulated depreciation as of June 30, 2020 is \$1,224,412.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

10. LONG-TERM DEBT (continued)

The following is a summary of capital lease requirements:

	Total
Year ending June 30, 2021	\$ 223,155
2022	141,348
2023	70,635
Total minimum lease payments	435,138
Less amounts representing interest	10,065
	\$ 425,073

The District had purchased various assets during 2007-2008 school year that are being financed over 18 years at an interest rate of 4.003%.

The following is a summary of installment purchase debt obligations:

	Principal	Interest	Total
Year ending June 30, 2021	\$ 784,956	\$ 162,593	\$ 947,549
2022	816,699	130,850	947,549
2023	849,724	97,824	947,548
2024	884,086	63,463	947,549
2025	919,837	27,712	947,549
Totals	\$ 4,255,302	\$ 482,442	\$ 4,737,744

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)").

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

11. PENSION PLANS (continued)

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 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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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 share of required contributions, based on covered payroll for the District's year ended June 30, 2020 was \$9,001,274 for TRS, at the contribution rate of 8.86%, and \$3,291,585 for ERS at an average contribution rate of 14.5%.

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

At June 30, 2020, 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, 2020 for ERS and June 30, 2019 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, 2020	June 30, 2019
Net pension asset/(liability)	\$ (17,837,219)	\$ 15,371,031
District's portion of the Plan's total net pension asset/(liability)	0.0673596%	0.591647%
Change in proportion since the prior measurement date	-0.0031798	-0.006835

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

11. PENSION PLANS (continued)

For the year ended June 30, 2020, the District's recognized pension expense of \$6,647,764 for ERS and \$19,217,741 TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 1,049,792	\$ 10,416,555	\$ -0-	\$ 1,143,020
Changes of assumptions	359,157	29,037,933	310,126	\$ 7,080,270
Net difference between projected and actual earnings on pension plan investments	9,144,225	-0-	-0-	12,326,774
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,282,320	1,377,880	339,043	250,142
District's contributions subsequent to the measurement date	829,235	9,001,274	-0-	-0-
Total	<u>\$ 12,664,729</u>	<u>\$ 49,833,642</u>	<u>\$ 649,169</u>	<u>\$ 20,800,206</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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ending June 30, 2021	\$ 2,081,243	\$ 7,162,888
2022	2,860,711	650,070
2023	3,494,207	7,137,683
2024	2,750,164	4,841,126
2025	-0-	664,608
Thereafter	-0-	(424,213)
	<u>\$ 11,186,325</u>	<u>\$ 20,032,162</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, 2020

11. PENSION PLANS (continued)

E. Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.1%
Salary scale	4.2%	4.72% - 1.90%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%
Cost of living adjustment	1.3%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. 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, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 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, 2020

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, 2020		June 30, 2019
Asset type				
Domestic equity	36.0%	4.05%	33.0%	6.30%
International equity	14.0%	6.15%	16.0%	7.80%
Global equity			4.0%	7.20%
Private equity	10.0%	6.75%	8.0%	9.90%
Real estate	10.0%	4.95%	11.0%	4.60%
Absolute return strategies*	2.0%	3.25%		
Opportunistic portfolio	3.0%	4.65%		
Real assets	3.0%	5.95%		
Bonds and mortgages	17.0%	0.75%		
Cash	1.0%	0.00%		
Inflation-indexed bonds	4.0%	0.50%		
Domestic fixed income securities			16.0%	1.30%
Global fixed income securities			2.0%	0.90%
High-yield fixed income securities			1.0%	3.60%
Privat debt			1.0%	6.50%
Real estate debt			7.00%	2.90%
Cash and equivalents			1.00%	0.30%
	100.0%		100.0%	

Real rates of return are net of the long-term inflation assumptions of 2.2% for 2019 (TRS) and of 2.5% for 2020 (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 6.8% for ERS and 7.10% for TRS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). 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, 2020

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 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.8% for ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

11. PENSION PLANS (continued)

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (32,736,333)	\$ (17,837,219)	\$ (4,115,072)
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (69,383,227)	\$ 15,371,031	\$ 86,470,288

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 March 31, 2020	TRS June 30, 2019
Employers' total pension liability	\$ (194,596,261)	\$ (119,879,474)
Plan Fiduciary Net Position	168,115,682	122,477,481
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	86.39%	102.17%

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$829,235.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$9,001,274 of employer contributions and \$682,205 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, 2020, totaled \$143,265 and \$7,634,025, 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, 2020 totaled \$1,017,865.

13. OTHER POSTEMPLOYMENT BENEFITS 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, 2020

13. OTHER POSTEMPLOYMENT BENEFITS 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 \$304,015,603 was measured as of June 30, 2020 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, 2020

13. OTHER POSTEMPLOYMENT BENEFITS 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	2.44%
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, 2020. The average discount rate is 2.44%, which is a change from the prior valuation discount rate of 3.10%.

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, 2019 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, 2020

13. OTHER POSTEMPLOYMENT BENEFITS 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, 2019	\$ 245,370,125
Changes for the year:	
Service cost	6,572,568
Interest	5,916,828
<hr/>	
Changes of assumptions or other inputs	51,910,466
Benefit payments	<u>(5,754,384)</u>
Net Changes	<u>58,645,478</u>
Balance at June 30, 2020	<u><u>\$ 304,015,603</u></u>

The changes of assumptions or other inputs reflects the change in the discount rate from 3.10% to 2.44%.

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 (1.44%) or 1-percentage-point higher (3.44%) than the current discount rate:

	One Percent Decrease (1.44%)	Current Discount Rate (2.44%)	One Percent Increase (3.44%)
Total OPEB liability	\$ 387,165,753	\$ 304,015,603	\$ 244,244,712

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	\$ 240,095,546	\$ 304,015,603	\$ 393,524,790

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

13. OTHER POSTEMPLOYMENT BENEFITS 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, 2020, the District recognized OPEB expense of \$24,912,202. At June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 56,768,873
Total	\$ 56,768,873

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

For the years ending June 30, 2021	\$	11,159,686
2022		11,159,686
2023		11,159,686
2024		11,159,686
2025		9,230,333
Thereafter		2,899,796
	\$	56,768,873

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, 2020, the value of the accumulated vacation time and sick leave was \$16,228,553, of which \$366,559 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, 2020

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.

	2020	2019
Unpaid claims at beginning of year	\$ 4,395,408	\$ 4,910,002
Incurred claims and claim adjustments	496,749	279,378
Claim payments	(972,332)	(793,972)
Unpaid claims at year end	\$ 3,919,825	\$ 4,395,408

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

The amount of \$2,200,000 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2021.

17. FUND BALANCES - RESTRICTED - APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2020 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2021:

Retirement contributions	\$ 2,000,000
Workers' compensation	1,000,000
Unemployment insurance	10,000
Employee Benefit Accrued Liability	500,000
	\$ 3,510,000

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.

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.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

18. COMMITMENTS AND CONTINGENCIES (continued)

C. Operating Leases

The District leases various equipment under operating leases. Total rental expenditures on such leases for the year ended June 30, 2020, were \$220,596. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 218,957
2022	157,405
2023	38,458
	<u>\$ 414,820</u>

D. Encumbrances

At June 30, 2020, the District encumbered the following amounts:

	<u>General</u>	<u>Capital Projects</u>
Restricted:		
Capital Projects		\$ 24,721,561
Assigned:		
General Support	\$ 560,045	
Instruction	642,095	
Pupil Transportation	10,225	
Community Services	5,271	
Employee Benefits	81,806	
Capital Projects		1,292,238
Total Encumbrances	<u>\$ 1,299,442</u>	<u>\$ 26,013,799</u>

E. COVID

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public-Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic based on the rapid increase in exposure globally. New York City and surrounding areas were particularly hard hit by the coronavirus. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, forced closures for certain types of public places and businesses. The coronavirus and actions taken globally and especially in New York State to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area the District operates. While it is unknown how long these conditions will last and what the complete financial impact will be to the District, the District is expecting it to negatively impact its revenues and expenditures.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's future operations and results of its operations. As of the date of this report, the District is unable to fully estimate the effects of the COVID-19 outbreak on the results of its operations for fiscal year 2021.

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

18. COMMITMENTS AND CONTINGENCIES (continued)

E. COVID (continued)

Also pursuant to the language in the New York State Enacted State Budget, the Division of Budget (DoB) has reduced the payments to 80% of the total amount due to the District. It is not clear whether the additional 20% is just delayed, or whether it will be paid at all. Additionally, going forward it looks like any aid payment with a statutory due date will be paid at 80% of the amount due, but anything without a statutory due date may be completely withheld by DoB, at this time.

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>
General Fund	
Funding Provided Since Inception	\$ 19,000,000
Interest Earnings Since Inception	6,997
Use of Reserve Since Inception	<u>(19,006,997)</u>
Total General Fund	<u>-0-</u>
Capital Projects Fund	
Funding Provided Since Inception	19,006,997
Use of Reserve Since Inception	<u>(17,298,900)</u>
Total Capital Projects Fund at June 30, 2020	<u>\$ 1,708,097</u>

GREAT NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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, 2020, the amount of District property tax abated was \$8,358,320 and the payment in lieu of taxes received was \$3,903,310.

21. SUBSEQUENT EVENT

On July 25, 2020, the District entered into a Master Lease Purchase Agreement with Apple, Inc. for the purchase of iPad tablets. The total payment of \$588,000, which reflects a 0.75% interest rate, will be funded from the District technology budget and paid off over a period of four years with an annual payment of \$148,652 commencing July 25, 2020 and ending July 25, 2023.

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, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Local Sources					
Real property taxes	\$ 207,518,286	\$ 201,942,917	\$ 202,165,634	\$	222,717
Other tax items	7,542,509	13,117,878	13,681,151		563,273
Charges for services	5,476,200	5,476,200	5,165,118		(311,082)
Use of money and property	1,306,524	1,306,524	1,754,842		448,318
Sale of property and compensation for loss	14,000	54,130	463,440		409,310
Miscellaneous	360,500	380,057	435,613		55,556
Total Local Sources	222,218,019	222,277,706	223,665,798		1,388,092
State aid	9,705,357	9,705,357	9,447,858		(257,499)
Federal aid	50,000	50,000	10,541		(39,459)
Total Revenues	231,973,376	232,033,063	233,124,197		1,091,134
OTHER FINANCING SOURCES					
Transfers from other funds	150,000	150,000	9,307		(140,693)
Total Revenues and Other Financing Sources	232,123,376	232,183,063	\$ 233,133,504		\$ 950,441
Assigned fund balances	1,622,417	1,622,417			
Appropriated reserves	2,295,568	12,045,037			
Total Revenues, Other Financing Sources and Appropriated Fund Balance	\$ 236,041,361	\$ 245,850,517			
	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance With Final Budget and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 222,231	\$ 274,931	\$ 228,187	\$ 4,250	\$ 42,494
Central administration	369,707	386,086	386,086		-
Finance	1,770,234	1,966,334	1,806,237	64,448	95,649
Staff	1,259,661	1,534,661	1,282,550	8,730	243,381
Central services	22,495,137	23,193,145	20,082,366	482,617	2,628,162
Special items	2,483,584	2,418,851	2,316,765		102,086
Total General Support	28,600,554	29,774,008	26,102,191	560,045	3,111,772
Instruction					
Instruction, administration and improvement	8,454,524	8,593,893	8,512,554	81,339	-
Teaching - regular school	72,084,400	71,319,664	68,386,804	197,238	2,735,622
Programs for children with disabilities	33,358,577	33,678,935	32,154,692	182,845	1,341,398
Teaching - special school	1,547,039	1,541,824	919,584		622,240
Instructional media	2,603,080	2,683,921	2,344,585	81,223	258,113
Pupil services	7,371,326	7,362,522	6,288,229	99,450	974,843
Total Instruction	125,418,946	125,180,759	118,606,448	642,095	5,932,216
Pupil Transportation	13,519,752	13,396,767	12,305,637	10,225	1,080,905
Community Services	945,026	1,086,026	792,293	5,271	288,462
Employee Benefits	57,297,782	56,500,688	51,468,228	81,806	4,950,654
Debt Service - principal	400,000	1,122,141	1,122,141		-
Debt Service - interest	475,000	198,920	198,920		-
Total Expenditures	226,657,060	227,259,309	210,595,858	1,299,442	15,364,009
OTHER FINANCING USES					
Transfers to other funds	9,384,301	18,591,208	18,591,208		-
Total Expenditures and Other Uses	\$ 236,041,361	\$ 245,850,517	229,187,066	\$ 1,299,442	\$ 15,364,009
Net Change in Fund Balance			3,946,438		
Fund Balance - Beginning of Year			61,068,734		
Fund Balance - End of Year			\$ 65,015,172		

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 Three 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, 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:

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 7 Fiscal Years

NYSERS	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0673596%	0.0705394%	0.0726173%	0.0754953%	0.0816308%	0.0760734%	0.0760734%
District's proportionate share of the net pension liability (asset)	\$ 17,837,219	\$ 4,997,929	\$ 2,343,682	\$ 7,093,710	\$ 13,101,975	\$ 2,569,947	\$ 3,437,652
District's covered-employee payroll	\$ 22,877,663	\$ 22,964,670	\$ 23,055,785	\$ 23,372,487	\$ 24,558,706	\$ 23,897,478	\$ 22,812,593
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.97%	21.76%	10.17%	30.35%	53.35%	10.75%	15.07%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%
NYSTRS	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.591647%	0.598482%	0.603227%	0.620657%	0.617738%	0.608130%	0.606293%
District's proportionate share of the net pension liability (asset)	\$ (15,371,031)	\$ (10,822,130)	\$ (4,585,127)	\$ 6,647,497	\$ (64,163,301)	\$ (67,741,925)	\$ (3,990,943)
District's covered-employee payroll	\$ 100,230,613	\$ 99,770,814	\$ 96,950,900	\$ 97,095,839	\$ 94,210,358	\$ 91,128,639	\$ 90,349,285
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.34%	-10.85%	-4.73%	6.85%	-68.11%	-74.34%	-4.42%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	102.16%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

GREAT NECK UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
For the Last 10 Fiscal Years

	NYSERS									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 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	\$ 2,741,920
Contributions in relation to the contractually required contribution	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	2,741,920
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 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	\$ 22,249,260
Contributions as a percentage of covered-employee payroll	14.38%	14.83%	15.13%	15.16%	17.75%	17.36%	20.09%	18.53%	15.49%	12.32%
	NYSTRS									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 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	\$ 7,366,265
Contributions in relation to the contractually required contribution	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	7,366,265
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	\$ 90,349,285	\$ 87,645,113	\$ 85,911,973
Contributions as a percentage of covered-employee payroll	8.75%	10.46%	9.58%	11.56%	13.08%	17.27%	16.02%	11.64%	10.91%	8.57%

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, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 234,418,944
Add: Prior year's encumbrances	<u>1,622,417</u>
Original Budget	236,041,361
Add: Budget revisions	<u>9,809,156</u>
Final Budget	<u><u>\$ 245,850,517</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	<u><u>\$ 241,395,571</u></u>
Maximum allowed (4% of 2020-21 budget)	<u><u>\$ 9,655,823</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 3,499,442
Unassigned fund balance	<u>9,626,018</u> \$ 13,125,460
Less:	
Appropriated fund balance	\$ 2,200,000
Encumbrances	<u>\$ 1,299,442</u> <u>3,499,442</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 9,626,018</u></u>
Actual Percentage	3.99%

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, 2020

PROJECT TITLE	Budget June 30, 2020	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Five-Year Capital Plan										
District-wide		\$ 26,807		\$ 26,807						
North High School		143,009		143,009						
North Middle School		166,146		166,146						
Saddle Rock		105,427		105,427						
South High School		551,843	\$ 10,701	562,544						
South Middle School		270,893		270,893						
Grace Ave		6,317	50,753	57,070						
Transfer to General Fund			(506)	(506)						
Total Five-Year Capital Plan	\$ 2,302,534	1,270,442	60,948	1,331,390	\$ 971,144	\$ -0-	\$ -0-	\$ 2,302,534	\$ 2,302,534	\$ 971,144
Technology Enhancements										
District-wide		1,583,117	317,877	1,900,994						
EM Baker School		349,998	24,225	374,223						
John F. Kennedy School		323,679	27,132	350,811						
Lakeville School		443,815	35,091	478,906						
North High School		223,836		223,836						
North Middle School		230,622		230,622						
Parkville School		100,356	8,885	109,241						
Saddle Rock		283,067	12,597	295,664						
South High School		245,229		245,229						
South Middle School		221,085		221,085						
Unallocated - Elementary		531,330		531,330						
Village School		122,687	11,430	134,117						
Total Technology Enhancements	5,737,653	4,658,821	437,237	5,096,058	641,595	-0-	-0-	5,737,653	5,737,653	641,595
Building Conditions Projects										
Clover Drive Center		487,627	34,596	522,223						
Cumberland Center		1,275,128	39,514	1,314,642						
District-wide		376,122	84,208	460,330						
EM Baker School		827,658	167,591	995,249						
Grace Avenue		131,370		131,370						
Inland Building		33,789		33,789						
John F. Kennedy School		1,173,621	65,142	1,238,763						
Lakeville School		917,476	97,475	1,014,951						
North High School		1,022,536	172,735	1,195,271						
North Middle School		996,661	200,492	1,197,153						
Parkville School		932,279	47,591	979,870						
Phipps Administration		84,313	144,510	228,823						
Saddle Rock		1,036,965	177,361	1,214,326						
South Grounds		1,239,793		1,239,793						
South High School		1,290,642	263,063	1,553,705						
South Middle School		790,769	90,710	881,479						
Village School		283,098	47,850	330,948						
Transfer to General Fund			9,813	9,813						
Total Building Conditions Projects	25,480,531	12,899,847	1,642,651	14,542,498	10,938,033	-0-	581,567	24,898,964	25,480,531	10,938,033
Smart Schools Bond Act										
District-wide			19,807	19,807						
Total Smart School Bond Act	19,807	-0-	19,807	19,807	-0-	-0-	19,807	-0-	19,807	-0-
Carried forward	\$ 33,540,525	\$ 18,829,110	\$ 2,160,643	\$ 20,989,753	\$ 12,550,772	\$ -	\$ 601,374	\$ 32,939,151	\$ 33,540,525	\$ 12,550,772

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, 2020

PROJECT TITLE	Budget June 30, 2020	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Brought forward	\$ 33,540,525	\$ 18,829,110	\$ 2,160,643	\$ 20,989,753	\$ 12,550,772	\$ -0-	\$ 601,374	\$ 32,939,151	\$ 33,540,525	\$ 12,550,772
Proposition 2019										
EM Baker School			25,405	25,405						
Lakeville School			11,175	11,175						
Total Proposition 2019	9,749,469	-0-	36,580	36,580	9,712,889	-0-	-0-	9,749,469	9,749,469	9,712,889
Proposition 2012										
Total Proposition 2012	8,137	-0-	-0-	-0-	8,137	-0-	-0-	8,137	8,137	8,137
Proposition 2016 (Capital Reserve)										
Clover Drive		50,142	7,239	57,381						
Cumberland Center		51,284	5,983	57,267						
EM Baker School		1,344,846	19,179	1,364,025						
Grace Avenue		56,931	3,787	60,718						
John F. Kennedy School		1,543,226	294,986	1,838,212						
Lakeville School		1,173,593	176,927	1,350,520						
North High School		3,320,616	16,861	3,337,477						
North Middle School		1,905,974	47,608	1,953,582						
Parkville School		1,930,411	580,798	2,511,209						
Phipps Administration		1,293,339	80,589	1,373,928						
Saddle Rock		1,505,088	270,184	1,775,272						
South High School		938,395	17,108	955,503						
South Middle School		591,176	16,261	607,437						
Village School		49,151	7,218	56,369						
Total Proposition 2016	19,006,997	15,754,172	1,544,728	17,298,900	1,708,097	-0-	-0-	19,006,997	19,006,997	1,708,097
Proposition 2017 (Bond Projects)										
Clover Drive		2,501		2,501						
EM Baker School		1,760,934	808,702	2,569,636						
Grace Avenue		2,430		2,430						
John F. Kennedy School		164,004	3,152,333	3,316,337						
Lakeville School		47,768	95,564	143,332						
North High School		1,167,482	994,604	2,162,086						
North Middle School		15,803	149,984	165,787						
Parkville School		1,081,502	6,074	1,087,576						
Phipps Administration		3,026		3,026						
Saddle Rock		40,542	131,746	172,288						
South High School		1,969,437	7,292,582	9,262,019						
South Middle School		1,847,044	6,420,816	8,267,860						
Village School		4,990		4,990						
Total Proposition 2017	77,847,217	\$ 8,107,463	\$ 19,052,405	\$ 27,159,868	50,687,349	\$ 68,339,262	-0-	9,507,955	77,847,217	50,687,349
DASNY Grant										
District-wide			138,212	138,212						
Total DASNY Grant	138,212	-0-	138,212	138,212	-0-	-0-	138,212	-0-	138,212	-0-
Totals	\$ 140,290,557	\$ 42,690,745	\$ 22,932,568	\$ 65,623,313	\$ 74,667,244	\$ 68,339,262	\$ 739,586	\$ 71,211,709	\$ 140,290,557	\$ 74,667,244
								Unissued Bonds		(19,609,020)
								Smart Schools Bond Act revenue not realized		(19,807)
								DASNY grant revenue not realized		(138,212)
								Capital Projects Fund - Fund Balance		\$ 54,900,205

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, 2020

Capital assets, net		\$130,757,527
Deduct:		
Premium on bonds payable	\$ 4,668,145	
Short-term portion of bonds payable	1,455,000	
Long-term portion of bonds payable	41,275,000	
Unspent bond proceeds	(31,078,329)	
Short-term portion of capital leases payable	217,279	
Long-term portion of capital leases payable	207,794	
Short-term portion of installment purchase debt	784,956	
Long-term portion of installment purchase debt	<u>3,470,346</u>	<u>(21,000,191)</u>
Net Investment in capital assets		<u><u>\$109,757,336</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 funds of the Great Neck Union Free School District (District), as of and for the year ended June 30, 2020, 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, 2020.

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, 2020.

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, 2020

