



## **Great Neck Public Schools**

Where Discovery Leads to Greatness

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS**

**June 30, 2019**

**GREAT NECK UNION FREE SCHOOL DISTRICT  
TABLE OF CONTENTS**

---

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis (MD&amp;A)</b>	3
<b>Financial Statements:</b>	
Statement of Net Position	16
Statement of Activities	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24
<b>Required Supplementary Information other than MD&amp;A:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	58
Schedule of Changes in the District's Total Other Postemployment Benefit (OPEB) Liability and Related Ratios	59
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability	60
Schedule of District's Pension Contributions	61
<b>Other Supplementary Information:</b>	
Schedule of Changes from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	62
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	63
Net Investment in Capital Assets	65
<b>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 <i>Government Auditing Standards</i></b>	66

## **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, 2019, 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, 2019, 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 15 and 58 through 61, 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 62 through 65 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, 2019 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, 2019

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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, 2019. 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 financial statements, which immediately follow this section.

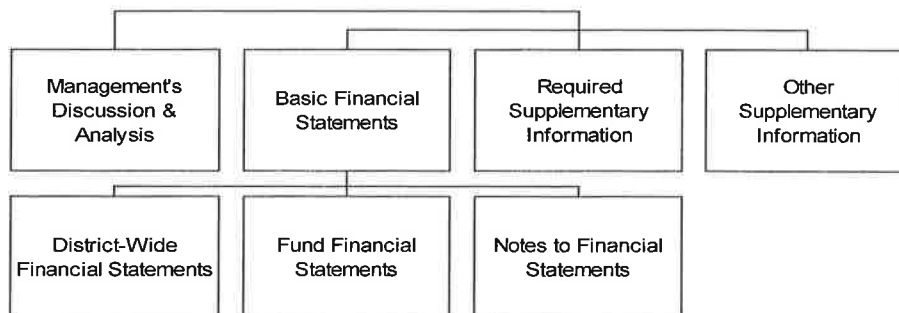
**FINANCIAL HIGHLIGHTS**

Key financial highlights for year 2019 are as follows:

- On the district-wide financial statements, total net position (deficit) decreased by \$10,124,881 to \$(11,843,722) for the year ended June 30, 2019, compared to a net position (deficit) balance of \$(21,968,603) at June 30, 2018.
- On the district-wide financial statements, the District's expenses for the year totaled \$226,900,647. Of this amount, \$13,234,718 was offset by program charges for services and operating grants. General revenues of \$223,790,810 amount to 94% of total revenues.
- The general fund's total fund balance, as reflected on the Balance Sheet in the fund financial statements, increased by \$10,637,615 to \$61,068,734.
- On the Balance Sheet, the general fund's unassigned fund balance at year end was \$9,088,109. This represents a decrease of \$2,697,587 from the prior year.
- On June 27, 2019 the District issued bonds with a par value of \$34,710,000 and received a premium of \$3,941,933 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 \$29,687,329 to be borrowed as the project progresses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

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

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**District-Wide Financial Statements**

The district-wide financial statements are organized to provide an understanding of the 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.

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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

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.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Condensed Statement of Net Position**

The District's total net position increased by \$10,124,881 between fiscal year 2018 and 2019. A summary of the District's Statements of Net Position follows.

	6/30/2019	6/30/2018	Change	Percent Change
Current and other assets	\$ 140,288,979	\$ 100,995,787	\$ 39,293,192	38.9%
Capital assets, net	111,574,537	96,621,279	14,953,258	15.5%
Net pension asset - proportionate share	10,822,130	4,585,127	6,237,003	100.0%
<b>Total assets</b>	<b>262,685,646</b>	<b>202,202,193</b>	<b>60,483,453</b>	<b>29.9%</b>
Deferred outflows of resources	79,291,147	69,148,521	10,142,626	14.7%
Other liabilities	23,723,738	20,810,310	2,913,428	14.0%
Non-current liabilities	309,402,023	249,512,547	59,889,476	24.0%
Net pension liability - proportionate share	4,997,929	2,343,682	2,654,247	113.3%
<b>Total liabilities</b>	<b>338,123,690</b>	<b>272,666,539</b>	<b>65,457,151</b>	<b>24.0%</b>
Deferred inflows of resources	15,696,825	20,652,778	(4,955,953)	-24.0%
Net position (deficit):				
Net investment in capital assets	106,048,400	88,068,081	17,980,319	20.4%
Restricted	53,648,678	49,090,642	4,558,036	9.3%
Unrestricted (Deficit)	(171,540,800)	(159,127,326)	(12,413,474)	-7.8%
<b>Total net position (deficit)</b>	<b>\$ (11,843,722)</b>	<b>\$ (21,968,603)</b>	<b>\$ 10,124,881</b>	<b>-46.1%</b>



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

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

Current and other assets increased by \$39,293,192, as compared to the prior year. The increase is primarily related to an increase in the cash balance as compared to prior year.

Capital assets, net of depreciation, increased by \$14,953,258, as compared to the prior year. This increase was the result of capital asset additions exceeding depreciation expense and a loss on disposal during the year. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Net pension asset – proportionate share increased by \$6,237,003 in the current year. This asset represents the District's share of the New York State Teachers' Retirement System's collective net pension asset.

Deferred outflows of resources increased by \$10,142,626 as compared to the prior year. The deferred outflows of resources represents contributions to the state retirement plans subsequent to the measurement dates and actuarial adjustments for both pension and other post-employment benefits that will be amortized in future years.

Other liabilities increased by \$2,913,428, as compared to the prior year. This increase was primarily related to an increase in the accounts payable and amounts due to the Teachers' Retirement System ("TRS").

Non-current liabilities increased by \$59,889,476 as compared to the prior year. This increase was primarily in connection with the current year issuance of \$34,710,000 Serial bonds plus premium of \$3,941,933 and an increase in the liability for other postemployment benefits.

Net pension liability – proportionate share increased by \$2,654,247 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.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years. This amount decreased by \$4,955,953 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 \$17,980,319 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, 2019 is \$53,648,678 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, which is shown as a component of net investment in capital assets. The restricted balance increased by \$4,558,036 primarily due to the funding of reserves during the year, net of the use of reserves.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

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

The unrestricted net deficit of \$(171,540,800) 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. This deficit increased over the prior year by \$12,413,474 primarily as a result of the increase of the unfunded addition to the total OPEB liability.

The District's total net position increased by \$10,124,881 or 46.1% to \$(11,843,722) for the year ended June 30, 2019, compared to \$(21,968,603), at June 30, 2018.

**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, 2019 and 2018 is as follows:

	6/30/2019	6/30/2018	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 7,789,633	\$ 7,503,758	\$ 285,875	3.8%
Operating grants	5,445,085	5,548,386	(103,301)	-1.9%
General revenues:				
Real property taxes	196,919,001	191,629,919	5,289,082	2.8%
Other tax items and STAR	14,405,925	15,219,133	(813,208)	-5.3%
State aid	9,267,346	8,798,247	469,099	5.3%
Use of money and property	2,184,735	1,172,760	1,011,975	86.3%
Other	1,013,803	657,505	356,298	54.2%
Total revenues	237,025,528	230,529,708	6,495,820	2.8%
<b>Expenses</b>				
General support	33,857,446	32,343,430	1,514,016	4.7%
Instruction	175,729,848	175,491,035	238,813	0.1%
Pupil transportation	13,301,804	13,246,576	55,228	0.4%
Community services	1,384,505	1,150,336	234,169	20.4%
Debt services - interest	177,875	286,293	(108,418)	-37.9%
School food service program	2,449,169	2,400,296	48,873	2.0%
Total expenses	226,900,647	224,917,966	1,982,681	0.9%
Increase in net position	\$ 10,124,881	\$ 5,611,742	\$ 4,513,139	80.4%

**GREAT NECK UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2019**

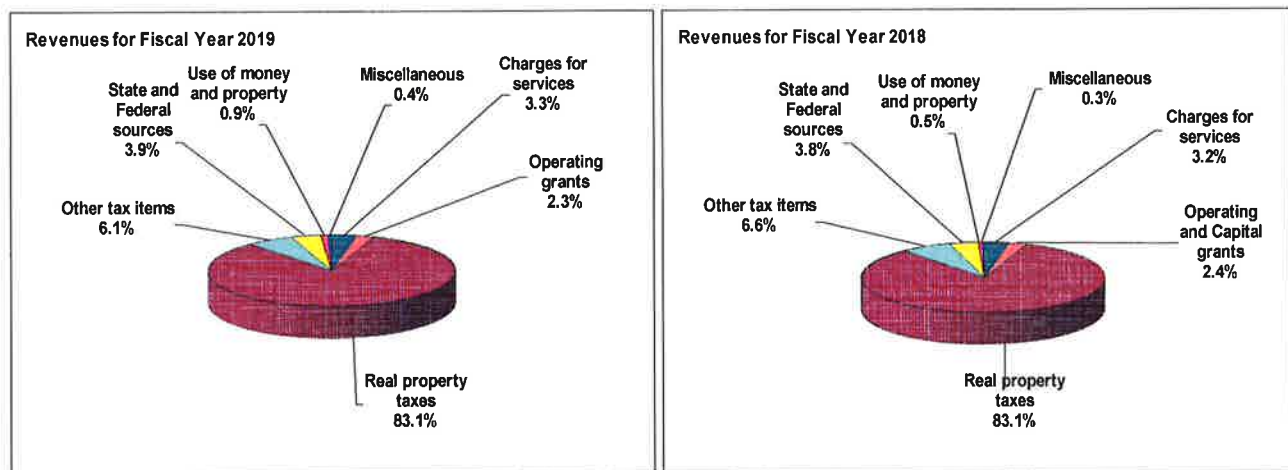
**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

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

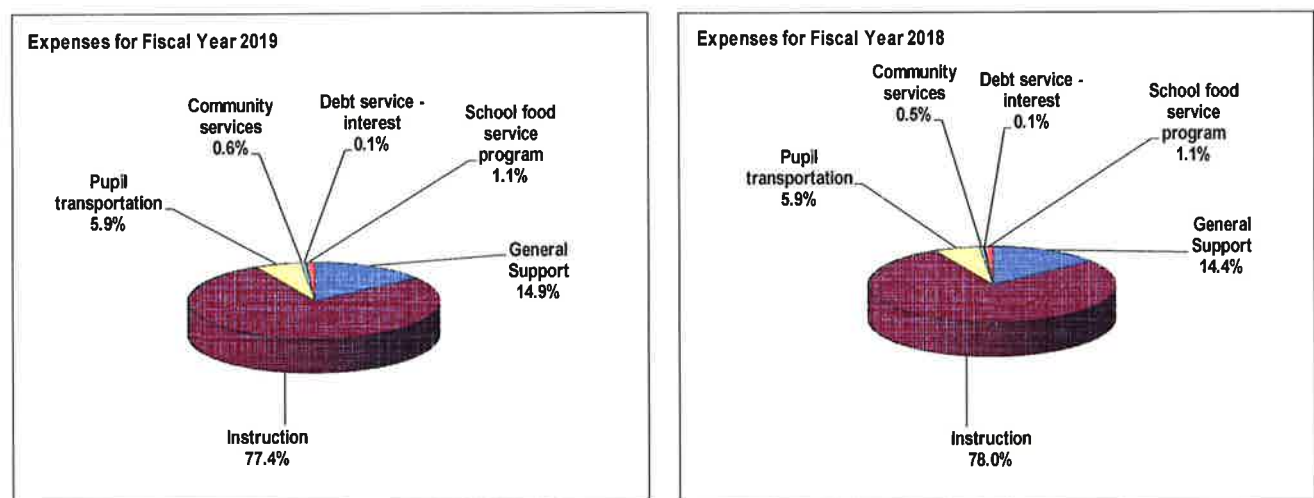
The District's revenues increased by \$6,495,820 or 2.8% for the year ended June 30, 2019. The main areas of increase were in real property taxes and use of money and property as compared to the prior year.

The District's expenses increased by \$1,982,681 or 0.9% for the year ended June 30, 2019. The increase was primarily the result of increases in the costs of instruction as a result of salary increases and increases in benefit costs.

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

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

At June 30, 2019, the District's governmental funds reported a combined fund balance of \$116,443,408, which is an increase of \$36,353,371 over the prior year. A summary of the change in fund balances by fund is as follows:

	6/30/2019	6/30/2018	Increase (Decrease)
<b>General Fund</b>			
Restricted:			
Debt	\$ 152,813	\$ 152,813	\$ -0-
Unemployment Insurance	1,497,344	1,435,325	62,019
Employee Benefit			
Accrued Liability Reserve	10,465,556	7,843,919	2,621,637
Workers' Compensation	14,533,536	10,028,212	4,505,324
Retirement Contribution- ERS	21,863,299	17,665,307	4,197,992
Retirement Contribution- TRS	1,845,660	-	1,845,660
Assigned	1,622,417	1,519,847	102,570
Unassigned	9,088,109	11,785,696	(2,697,587)
	<u>61,068,734</u>	<u>50,431,119</u>	<u>10,637,615</u>
<b>School Food Service Fund</b>			
Nonspendable:			
Inventory	73,399	80,042	(6,643)
Assigned	1,701,948	1,565,308	136,640
	<u>1,775,347</u>	<u>1,645,350</u>	<u>129,997</u>
<b>Debt Service Fund</b>			
Restricted:			
Debt	29,508	19,539	9,969
<b>Capital Projects Fund</b>			
Restricted:			
Capital	3,260,962	11,945,527	(8,684,565)
Unspent Bond Proceeds	38,651,933	-	38,651,933
Assigned	11,656,924	16,048,502	(4,391,578)
	<u>53,569,819</u>	<u>27,994,029</u>	<u>25,575,790</u>
<b>Total Fund Balances</b>	<u>\$116,443,408</u>	<u>\$ 80,090,037</u>	<u>\$ 36,353,371</u>

**General Fund**

The general fund - fund balance increased by \$10,637,615 due to revenues in excess of expenditures which provided for funding of the reserves for unemployment insurance, retirement contribution - ERS, workers' compensation and employee benefit accrued liability. Actual revenues earned were higher for property taxes and use of money and property than in the prior year, and total expenditures, exclusive of other financing uses, were higher than the prior year by approximately \$4,247,000.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

**School Food Service Fund**

The school food service fund - fund balance increased by \$129,997, primarily as a result of revenues exceeding expenditures during the year.

**Debt Service Fund**

The debt service fund - fund balance increased by \$9,969. The increase is related to interest earnings.

**Capital Projects Fund**

The capital projects fund - fund balance increased by \$25,575,790. The original budget provided for transfers of \$5,808,315 from the general fund to fund capital projects. The District received e-rate reimbursements totaling \$47,336. Expenditures were made for several projects totaling \$18,930,018. During the year the District received proceeds from the issuance of serial bonds totaling \$34,710,000 and \$3,941,933 of premiums. The capital projects fund also transferred \$1,776 back to the general fund, the balance remaining from completed projects.

**General Fund Budgetary Highlights**

2018 -19 Budget

The District's general fund adopted budget for the year ended June 30, 2019, was \$229,845,028. This amount was increased by encumbrances carried forward from the prior year in the amount of \$829,847, and the approval of various budget adjustment increases of \$197,565 for a total final budget of \$230,872,440.

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. 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	\$ 11,785,696
Revenues Over Budget	2,115,885
Expenditures and Encumbrances Under Budget	10,057,797
Unused Appropriated Reserves	(11,901)
Transfer to Reserves (Restricted)	<u>(14,859,368)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 9,088,109</u></u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

**General Fund Budgetary Highlights (continued)**

Opening, Unassigned Fund Balance

The \$11,785,696 shown in the table on page 11 is the portion of the District's June 30, 2018 fund balance that was reported as unassigned. This was 5.13% of the District's 2018-19 approved operating budget of \$229,845,028.

Revenues Over Budget

The 2018-19 final budget for revenues and transfers was \$227,713,956. Actual revenues and transfers received for the year were \$229,829,841. The excess of actual revenues and transfers over estimated or budgeted revenues amounted to \$2,115,885. The District recognized revenues in excess of that anticipated in the following areas: charges for services - tuition for services rendered and interest earnings. Revenues over budget contribute directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2018 to June 30, 2019.

Expenditures and Encumbrances Under Budget

The 2018-19 final budget for expenditures and transfers, including prior year open encumbrances and budget revisions amounted to \$230,872,440. Actual expenditures and transfers as of June 30, 2019 were \$219,192,226. Outstanding encumbrances as of June 30, 2019 were \$1,622,417. Combined, the expenditures plus encumbrances for 2018-19 were \$220,814,643. The final budget was under-expended by \$10,057,797. 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, 2018 to June 30, 2019.

Unused Appropriated Reserves

In the 2018-19 budget \$1,638,637 of reserves were appropriated to reduce the tax levy. Due to lower than budgeted expenditures, \$11,901 of unemployment reserves was not needed and, therefore, were returned to the reserve for future use.

Transfer to Reserves (Restricted)

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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

**General Fund Budgetary Highlights (continued)**

Transfer to Reserves (Restricted) (continued)

The \$14,859,368 in the table on page 11 reflects the net interest transferred into the reserves of \$450,430, plus transfers of \$5,154,340 to the retirement contribution reserve - ERS, \$1,845,660 to the retirement contribution reserve - TRS, \$50,000 to the unemployment insurance reserve, \$2,858,938 to the employee benefit accrued liability reserve and \$4,500,000 to the workers' compensation reserve.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previously presented table, the District will begin the 2019-20 fiscal year with an unassigned fund balance of \$9,088,109. This is a decrease of \$2,697,587, as compared to the prior year. This is 3.88% of the District's 2019-20 approved operating budget of \$234,418,944.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019 and 2018, 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 for the year ended June 30, 2019. A summary of the District's capital assets, net of depreciation, at June 30, 2019 and 2018 is as follows:

Category	6/30/2019	6/30/2018	% Change
Land	\$ 2,798,112	\$ 2,798,112	0.0%
Construction-in-progress	27,900,821	10,344,316	169.7%
Building and improvements	58,066,310	60,048,086	-3.3%
Site improvements	12,854,464	12,831,400	0.2%
Furniture and equipment	9,954,830	10,599,365	-6.1%
Totals	<u>\$ 111,574,537</u>	<u>\$ 96,621,279</u>	15.5%

Capital additions for the year ended June 30, 2019 were \$19,850,611. Depreciation expense for the year was \$4,872,021. Loss on disposition of assets for the year was \$25,332.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

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

**Debt Administration**

A summary of the long-term debt at June 30, 2019 and 2018 is as follows:

Category	6/30/2019	6/30/2018	% Change
General obligation bonds	\$ 38,651,933	\$ 2,134,178	1711.1%
Capital lease payable	516,387	684,145	-24.5%
Installment purchase debt	5,009,750	5,734,875	-12.6%
Other postemployment benefits payable	245,370,125	221,272,880	10.9%
Compensated absences	15,458,420	14,776,467	4.6%
Workers' compensation claims payable	4,395,408	4,910,002	-10.5%
Net pension liability - proportionate share	4,997,929	2,343,682	113.3%
Totals	<u>\$ 314,399,952</u>	<u>\$ 251,856,229</u>	24.8%

At June 30, 2019, the District had total bonds payable (inclusive of unamortized premiums) of \$38,651,933. The increase in outstanding debt represents new serial bonds. There remains \$29,687,329 to be borrowed based on the 2017 voter approved capital project.

The District entered into new equipment leases totaling \$276,360 during the year ended June 30, 2019. The decrease in capital lease payable represents the scheduled principal payments less the new leases.

At June 30, 2019, the District had total installment purchase debt payable of \$5,009,750. The decrease in total installment purchase debt represents scheduled principal payments.

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

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 21, 2019, for the year ending June 30, 2020, is \$234,418,944. This is an increase of \$4,573,916 or 1.99% over the previous year's budget. The increase is principally in the instructional and debt service areas of the budget.

The District's adopted budget reflects non-property tax revenues at an increase of \$564,549 from the current year's budget. The district did not assign any fund balance to the 2019-20 budget as compared to \$690,000 in the prior year. The District appropriated \$2,295,568 of restricted fund balance to be applied to the June 30, 2020 budget, which is an increase of \$656,931. The adopted budget reflects an increase in property tax revenues of 1.94%.

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



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2019

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET** (continued)

fiscal years beginning in 2012, no school district is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however there are permitted exceptions and adjustments. School districts can exceed the tax levy limit only by a 60% favorable vote by District's budget voters. The 1.94% increase in the property tax levy is in compliance with Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions.

New York State provides a "Property Tax Relief Credit" to eligible taxpayers for the 2016-17 through 2019-20 school years. To be eligible, a taxpayer, based on income tax return filings for the taxable two years prior, must be a New York State resident, was owned and primarily resided in real property receiving the STAR exemption, and had adjusted gross income no greater than \$275,000. A taxpayer is ineligible for the tax credit if the real property is located in a school district that adopted a budget in excess of the tax levy limit. Eligible District taxpayers will receive a tax credit in the form of a check in the amount of \$130 in the first year. In subsequent years, the amount of the credit is a function of the basic STAR savings and the taxpayer's income.

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

**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, 2019

**ASSETS**

Cash		\$	38,995,876
Unrestricted			92,300,611
Restricted			
Receivables			
State and Federal aid			1,714,417
Due from other governments			2,604,249
Due from fiduciary funds			290,032
Taxes			3,687,218
Other			623,177
Inventories			73,399
	Total Current Assets		<u>140,288,979</u>
			30,698,933
Non-depreciable capital assets			80,875,604
Depreciable capital assets, net of depreciation			10,822,130
Net pension asset-proportionate share			<u>122,396,667</u>
	Total Non-Current Assets		<u>122,396,667</u>
	Total Assets		<u>262,685,646</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Other postemployment benefits	17,281,213
Pensions	<u>62,009,934</u>
Total Deferred Outflows of Resources	<u>79,291,147</u>

**LIABILITIES**

Accounts payable	8,339,564
Accrued liabilities	1,085,206
Due to fiduciary funds	75
Due to other governments	233,035
Due to teachers' retirement system	11,155,683
Due to employees' retirement system	822,896
Unearned revenue	2,056,610
Accrued interest	30,669
Non-current liabilities	
Due and payable within one year:	
Bonds payable, inclusive of premiums	1,332,097
Capital leases payable	297,058
Installment purchase debt payable	754,448
Compensated absences payable	772,921
Workers' compensation claims payable	219,770
Due and payable after one year:	
Bonds payable, inclusive of premiums	37,319,836
Capital leases payable	219,329
Installment purchase debt payable	4,255,302
Other postemployment benefits payable	245,370,125
Compensated absences payable	14,685,499
Workers' compensation claims payable	4,175,638
Net pension liability - proportionate share	4,997,929
Total Liabilities	<u>338,123,690</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>15,696,825</u>
Total Deferred Inflows of Resources	<u>15,696,825</u>

**NET POSITION (DEFICIT)**

Net Investment in capital assets	106,048,400
Restricted	53,648,678
Unrestricted (Deficit)	<u>(171,540,800)</u>
Total Net Position (Deficit)	<u>\$ (11,843,722)</u>

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 33,857,446			\$ (33,857,446)
Instruction	175,729,848	\$ 6,099,317	\$ 4,705,731	(164,924,800)
Pupil transportation	13,301,804			(13,301,804)
Community service	1,384,505			(1,384,505)
Debt service - interest	177,875			(177,875)
School food service program	2,449,169	1,690,316	739,354	(19,499)
Total Functions and Programs	<u>\$ 226,900,647</u>	<u>\$ 7,789,633</u>	<u>\$ 5,445,085</u>	<u>(213,665,929)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				196,919,001
Other tax items and STAR				14,405,925
Use of money and property				2,184,735
Sale of property and compensation for loss				285,480
State aid				9,267,346
Miscellaneous				<u>728,323</u>
Total General Revenues				<u>223,790,810</u>
Change in Net Position				10,124,881
Total Net Position (Deficit) - Beginning of Year				<u>(21,968,603)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (11,843,722)</u>

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 16,591,234	\$ 3,241,456	\$ 1,907,824		\$ 17,255,362	\$ 38,995,876
Restricted	50,368,122			\$ 19,594	41,912,895	92,300,611
Receivables						
State and federal aid	455,846	1,216,224	42,347			1,714,417
Due from other governments	2,604,249					2,604,249
Due from other funds	6,086,269			9,914		6,096,183
Due from fiduciary funds	290,032					290,032
Taxes	3,687,218					3,687,218
Other	536,387	75,053	11,737			623,177
Inventories			73,399			73,399
Total Assets	<u>\$ 80,619,357</u>	<u>\$ 4,532,733</u>	<u>\$ 2,035,307</u>	<u>\$ 29,508</u>	<u>\$ 59,168,257</u>	<u>\$ 146,385,162</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,893,069	\$ 27,037	\$ 21,562		\$ 3,397,896	\$ 8,339,564
Accrued liabilities	1,010,186	33,091	41,929			1,085,206
Due to other funds		3,895,641			2,200,542	6,096,183
Due to fiduciary funds			75			75
Due to other governments	233,035					233,035
Due to teachers' retirement system	11,155,683					11,155,683
Due to employees' retirement system	822,896					822,896
Unearned revenue	1,283,252	576,964	196,394			2,056,610
Total Liabilities	<u>19,398,121</u>	<u>4,532,733</u>	<u>259,960</u>	<u>\$ -0-</u>	<u>5,598,438</u>	<u>29,789,252</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	152,502					152,502
Total Deferred Inflows of Resources	<u>152,502</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>152,502</u>
<b>FUND BALANCES</b>						
Non-spendable						
Inventories			73,399			73,399
Restricted:						
Debt Service	152,813			29,508		182,321
Capital					3,260,962	3,260,962
Unspent bond proceeds					38,651,933	38,651,933
Unemployment Insurance	1,497,344					1,497,344
Employee Benefit Accrued Liability	10,465,556					10,465,556
Workers' Compensation	14,533,536					14,533,536
Retirement Contribution- ERS	21,863,299					21,863,299
Retirement Contribution- TRS	1,845,660					1,845,660
Assigned	1,622,417		1,701,948		11,656,924	14,981,289
Unassigned	9,088,109					9,088,109
Total Fund Balances	<u>61,068,734</u>	<u>-0-</u>	<u>1,775,347</u>	<u>29,508</u>	<u>53,569,819</u>	<u>116,443,408</u>
Total Liabilities and Fund Balances	<u>\$ 80,619,357</u>	<u>\$ 4,532,733</u>	<u>\$ 2,035,307</u>	<u>\$ 29,508</u>	<u>\$ 59,168,257</u>	<u>\$ 146,385,162</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, 2019

Total Governmental Fund Balances	\$ 116,443,408
----------------------------------	----------------

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	\$ 30,698,933	
Capital assets - depreciable	162,816,323	
Accumulated depreciation	<u>(81,940,719)</u>	111,574,537

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	30,669	
General obligation bonds payable	34,710,000	
Unamortized bond premium	3,941,933	
Capital lease payable	516,387	
Installment purchase debt	5,009,750	
Other postemployment benefits payable	245,370,125	
Compensated absences payable	15,458,420	
Workers' compensation claims payable	<u>4,395,408</u>	(309,432,692)

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.

152,502

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	10,822,130	
OPEB - deferred outflows	17,281,213	
Pensions - deferred outflows	<u>62,009,934</u>	90,113,277

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	4,997,929	
Pensions - deferred inflows	<u>15,696,825</u>	<u>(20,694,754)</u>

Net Position of Governmental Activities	<u><u>\$ (11,843,722)</u></u>
---	-------------------------------

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 196,919,001					\$ 196,919,001
Other tax items	14,405,925					14,405,925
Charges for services	6,099,317					6,099,317
Use of money and property	2,133,591		\$ 41,175	\$ 9,969		2,184,735
Sale of property and compensation for loss	285,480					285,480
State aid	9,267,346	\$ 1,938,203	32,867			11,238,416
Sales - school food service			1,663,434			1,663,434
Miscellaneous	680,987	324,611	26,882		\$ 47,336	1,079,816
Federal aid	36,418	2,406,499	552,749			2,995,666
Surplus food			153,738			153,738
Total Revenues	<u>229,828,065</u>	<u>4,669,313</u>	<u>2,470,845</u>	<u>9,969</u>	<u>47,336</u>	<u>237,025,528</u>
<b>EXPENDITURES</b>						
General support	25,766,376					25,766,376
Instruction	117,437,690	6,176,682				123,614,372
Pupil transportation	12,456,552					12,456,552
Community service	899,580	149,805				1,049,385
Employee benefits	51,641,314					51,641,314
Debt service:						
Principal	1,169,243			2,060,000		3,229,243
Interest	226,946			51,500		278,446
Cost of sales			2,358,384			2,358,384
Capital outlay					18,930,018	18,930,018
Total Expenditures	<u>209,597,701</u>	<u>6,326,487</u>	<u>2,358,384</u>	<u>2,111,500</u>	<u>18,930,018</u>	<u>239,324,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,230,364</u>	<u>(1,657,174)</u>	<u>112,461</u>	<u>(2,101,531)</u>	<u>(18,882,682)</u>	<u>(2,298,562)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Proceeds from Serial bond					34,710,000	34,710,000
Bond Premiums					3,941,933	3,941,933
Operating transfers in	1,776	1,657,174	17,536	2,111,500	5,808,315	9,596,301
Operating transfers (out)	(9,594,525)				(1,776)	(9,596,301)
Total Other Sources (Uses)	<u>(9,592,749)</u>	<u>1,657,174</u>	<u>17,536</u>	<u>2,111,500</u>	<u>44,458,472</u>	<u>38,651,933</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>10,637,615</u>	<u>-0-</u>	<u>129,997</u>	<u>9,969</u>	<u>25,575,790</u>	<u>36,353,371</u>
Fund Balance - Beginning of Year	<u>50,431,119</u>	<u>-0-</u>	<u>1,645,350</u>	<u>19,539</u>	<u>27,994,029</u>	<u>80,090,037</u>
Fund Balance - End of Year	<u>\$ 61,068,734</u>	<u>\$ -0-</u>	<u>\$ 1,775,347</u>	<u>\$ 29,508</u>	<u>\$ 53,569,819</u>	<u>\$ 116,443,408</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, 2019

Net Changes in Fund Balances - Total Governmental Funds \$ 36,353,371

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

Long-term revenue and expense differences

Certain expenditures in governmental funds requiring the use of current financial resources 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 514,594

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 (681,953)

Pension differences

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

Teachers' Retirement System	\$ 1,947,941	
Employees' Retirement System	<u>(547,819)</u>	1,400,122

Other postemployment benefit (OPEB) differences

(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.

(6,816,032)

Capital related differences

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	19,850,611	
Depreciation expense	<u>(4,872,021)</u>	14,978,590

The net effect of various miscellaneous transactions involving capital assets related to sales, trade-ins and disposals is to decrease net position.

(25,332)

Long-term debt transaction differences

Interest on long-term debt in the Statements of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2018 to June 30, 2019.

26,393

The amortization of the deferred premium on the bonds, decreases interest expense in the Statement of Activities

	<u>74,178</u>	100,571
--	---------------	---------

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	(34,710,000)	
Bond premium	(3,941,933)	
Repayment bond principal	2,060,000	
Proceeds from capital lease	(276,360)	
Repayment capital lease principal	444,118	
Repayment installment purchase debt principal	<u>725,125</u>	<u>(35,699,050)</u>

Change in Net Position of Governmental Activities

\$ 10,124,881

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2019

	<u>Agency</u>	<u>Private Purpose Trusts</u>
<b>ASSETS</b>		
Cash		
Unrestricted	\$ 953,387	
Restricted		\$ 309,959
Investments		255,188
Due from governmental funds	75	
Accounts receivable	<u>21,152</u>	
Total Assets	<u><u>\$ 974,614</u></u>	<u><u>565,147</u></u>
<b>LIABILITIES</b>		
Due to governmental funds	290,032	
Extraclassroom activity balances	509,701	
Other liabilities	<u>174,881</u>	
Total Liabilities	<u><u>\$ 974,614</u></u>	<u><u>-0-</u></u>
<b>NET POSITION</b>		
Net position - restricted - nonexpendable		309,388
Net position - expendable		<u>255,759</u>
Total net position		<u><u>\$ 565,147</u></u>

See Notes to Financial Statements.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended June 30, 2019

	Private Purpose Trusts
	<u>                    </u>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 90,095
Investment earnings	3,454
Unrealized gain on investments	<u>345</u>
	<u>                    </u>
Total Additions	<u>93,894</u>
	<u>                    </u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>69,723</u>
	<u>                    </u>
Total Deductions	<u>69,723</u>
	<u>                    </u>
Change in Net Position	24,171
Net Position - Beginning of Year	<u>540,976</u>
Net Position - End of Year	<u><u>\$ 565,147</u></u>

See Notes to Financial Statements.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**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 as 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, 2019

**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 comprised 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 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, 2019

**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:

**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.

**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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**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 fund 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 acquisitions under capital leases are reported as other financing sources.

**E. Real Property Taxes**

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

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

**F. 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**G. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. 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.

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

**H. 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, other postemployment benefits, workers' compensation liabilities, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**I. 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**I. Cash and Cash Equivalents/Investments (continued)**

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

**J. 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.

**K. 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.

**L. 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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

**M. 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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**M. Deferred Outflows/Inflows of Resources (continued)**

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 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.

**N. 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.

**O. 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.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**P. 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.

**Q. Short-Term Debt**

The District may issue revenue anticipation notes ("RAN") and tax anticipation notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. No RANs or TANs were issued or outstanding during the year ended June 30, 2019.

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. No BANs were issued or outstanding during the year ended June 30, 2019.

**R. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**S. 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.

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 \$73,399.

**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 general fund and 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**S. Equity Classifications (continued)**

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.

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 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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**S. Equity Classifications (continued)**

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 encumbrances reported in the general fund in the amount of \$1,622,417. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

**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.

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.

**T. 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, 2019, The District adopted the following:

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**T. New Accounting Standards (continued)**

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**U. 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*, 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, 2020.

Statement No. 87, *Leases*, 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, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, 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, 2021.

Statement No. 91, *Conduit Debt Obligations*, 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, 2022.

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

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

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

**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.

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.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**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)**

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:

Contingent expenses funded by insurance recoveries, donations and other state aid	\$ 197,565
	<u>\$ 197,565</u>

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

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**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.

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 institution's 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.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

Investments at fiscal year-end consisted of:

Scholarship funds are recorded in the Private Purpose Trust Fund. The carrying amounts at June 30, 2019 totaled \$255,188, and the unrealized gain for the year was \$345. 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 year-end are \$2,491,597,265 which consisted of \$350,918,796 in repurchase agreements, \$1,905,651,848 in U.S. Treasury Securities and \$235,026,621 in collateralized bank deposits, with various interest rates and due dates.

Investment pool assets are reported as cash as follows:

Fund	Carrying Amount
General Fund	\$ 25,459,443
School Food Service Fund	1,541,557
Capital Projects Fund	13,589,797
Private Purpose Trust Fund	154,930
	<u>\$ 40,745,727</u>

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**5. PARTICIPATION IN BOCES**

During the year ended June 30, 2019, the District was billed \$5,540,973 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$743,914. 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, 2019, consisted of:

General Fund:	
NYS Excess Cost Aid	\$ 455,846
Special Aid Fund:	
Federal and State Grants	1,216,224
School Food Service Fund:	
Federal and State	
School Food Service Reimbursements	<u>42,347</u>
Total Due From State and Federal	<u>\$ 1,714,417</u>

**7. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2019, consisted of:

General Fund:	
Due from NYS -medicaid billing	\$ 50,126
Due from BOCES	334,781
Due from Other Districts	2,217,871
Due from Nassau County	<u>1,471</u>
Total Due From Other Governments	<u>\$ 2,604,249</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**8. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Capital assets that are not depreciated:				
Land	\$ 2,798,112			\$ 2,798,112
Construction in progress	10,344,316	\$ 18,088,906	\$ (532,401)	27,900,821
Total nondepreciable assets	13,142,428	18,088,906	(532,401)	30,698,933
Capital assets that are depreciated:				
Buildings and improvements	117,651,234	443,598		118,094,832
Site improvements	17,259,265	578,559		17,837,824
Furniture and equipment	26,839,619	1,271,949	(1,227,901)	26,883,667
Total depreciable assets	161,750,118	2,294,106	(1,227,901)	162,816,323
Less accumulated depreciation:				
Buildings and improvements	57,603,148	2,425,374		60,028,522
Site improvements	4,427,865	555,495		4,983,360
Furniture and equipment	16,240,254	1,891,152	(1,202,569)	16,928,837
Total accumulated depreciation	\$ 78,271,267	\$ 4,872,021	\$ (1,202,569)	81,940,719
Total capital assets, net				<u>\$ 111,574,537</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,519,989
Instruction	3,176,594
Pupil Transportation	79,987
Community service	3,157
School food service program	92,294
Total governmental activities depreciation expense	<u>\$ 4,872,021</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, 2019, the District has not recorded any such impairment losses.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**9. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2019, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 6,086,269		\$ 1,776	\$ 9,594,525
Special Aid Fund		\$ 3,895,641	1,657,174	
School Food Service Fund			17,536	
Debt Service Fund	9,914		2,111,500	
Capital Projects Fund		2,200,542	5,808,315	1,776
	<u>6,096,183</u>	<u>6,096,183</u>	<u>\$ 9,596,301</u>	<u>\$ 9,596,301</u>
General Fund	290,032			
School Food Service Fund		75		
Fiduciary Fund	75	290,032		
	<u>\$ 6,386,290</u>	<u>\$ 6,386,290</u>		

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

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

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

The District typically transfers from the general fund to the special aid fund, debt service fund and the capital projects fund in accordance with the general fund budget. The transfer to the special aid fund was for the District's share of the cost for the summer handicapped, state supported Section 4201 schools, pre-k and integrated programs. The transfer to the school food service fund is for uncollectable receivables. 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. The transfer to the general fund from the capital projects fund was to move unspent funds from completed projects back to the general fund.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**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	\$ 2,060,000	\$ 34,710,000	\$ 2,060,000	\$ 34,710,000	\$ 1,135,000	\$ 33,575,000
Add: Premiums on obligations	74,178	3,941,933	74,178	3,941,933	197,097	3,744,836
	<u>2,134,178</u>	<u>38,651,933</u>	<u>2,134,178</u>	<u>38,651,933</u>	<u>1,332,097</u>	<u>37,319,836</u>
Capital lease payable	684,145	276,360	444,118	516,387	297,058	219,329
Installment purchase debt (energy performance contract)	5,734,875		725,125	5,009,750	754,448	4,255,302
Total OPEB payable	221,272,880	29,220,941	5,123,696	245,370,125		245,370,125
Compensated absences	14,776,467	916,624	234,671	15,458,420	772,921	14,685,499
Workers' compensation claims payable	4,910,002	279,378	793,972	4,395,408	219,770	4,175,638
Net pension liability - proportionate share	2,343,682	2,654,247		4,997,929		4,997,929
Total non-current liabilities	<u>\$ 251,856,229</u>	<u>\$ 71,999,483</u>	<u>\$ 9,455,760</u>	<u>\$ 314,399,952</u>	<u>\$ 3,376,294</u>	<u>\$ 311,023,658</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 6/30/19
June 2019	June 2039	2.750-5.00%	<u>\$ 34,710,000</u>

The following is a summary of debt service requirements:

	Principal	Interest	Total
Year ended June 30, 2020	\$ 1,135,000	\$ 1,338,682	\$ 2,473,682
2021	1,150,000	1,328,094	2,478,094
2022	1,205,000	1,270,594	2,475,594
2023	1,265,000	1,210,344	2,475,344
2024	1,330,000	1,147,094	2,477,094
2025-2029	7,710,000	4,669,469	12,379,469
2030-2034	9,555,000	2,825,819	12,380,819
2035-2039	11,360,000	1,022,513	12,382,513
Totals	<u>\$ 34,710,000</u>	<u>\$ 14,812,607</u>	<u>\$ 49,522,607</u>

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

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, 2020	\$ 197,097
2021	197,096
2022	197,097
2023	197,096
2024	197,097
2025-2029	985,482
2030-2034	985,483
2035-2039	985,485
	<hr/>
Total	<u>\$3,941,933</u>

Interest on long-term debt for the year ended June 30, 2019 was comprised of:

Interest paid	\$ 278,446
Less: interest accrued in the prior year	(57,062)
Less: amortization of premium	(74,178)
Plus: interest accrued in the current year	30,669
Total interest expense on long-term debt	<u>\$ 177,875</u>

The District has purchased various copier equipment and iPads that are being financed between four to six years at interest rates ranging from 0.00% to 4.00%. The assets and related obligations are accounted for in the district-wide financial statements and are included in the summary for capital assets. See Note 8. The cost of the equipment that was capitalized, which is included in furniture and equipment, is \$2,163,311 and accumulated depreciation as of June 30, 2019 is \$1,512,830.

The following is a summary of capital lease requirements:

	<u>Total</u>
Year ending June 30, 2020	\$ 302,877
2021	152,519
2022	70,713
	<hr/>
Total minimum lease payments	526,109
Less amounts representing interest	9,722
	<hr/>
	<u>\$ 516,387</u>

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%.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

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

The following is a summary of installment purchase debt obligations:

	Principal	Interest	Total
Year ending June 30, 2020	\$ 754,448	\$ 193,101	\$ 947,549
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	<u>\$ 5,009,750</u>	<u>\$ 675,543</u>	<u>\$ 5,685,293</u>

**11. PENSION PLANS**

**A. Pension Obligations**

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

**B. Plan Descriptions And Benefits Provided**

Employees' Retirement System ("ERS")

The District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System ("TRS")

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**11. PENSION PLANS (continued)**

**B. Plan Descriptions And Benefits Provided (continued)**

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

**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.

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

At June 30, 2019, 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, 2019 for ERS and June 30, 2018 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.



**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**11. PENSION PLANS (continued)**

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Net pension asset/(liability)	\$ (4,997,929)	\$ 10,822,130
District's portion of the Plan's total net pension asset/(liability)	0.0705394%	0.5984820%
Change in proportion since the prior measurement date	-0.0020779	-0.0047450

For the year ended June 30, 2019, the District's recognized pension expense of \$3,905,254 for ERS and \$8,544,856 TRS. At June 30, 2019, 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	\$ 984,197	\$ 8,087,291	\$ 335,502	\$ 1,464,924
Changes of assumptions	1,256,275	37,830,445	-0-	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	-0-	1,282,745	12,013,388
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,366,497	1,174,497	285,508	314,758
District's contributions subsequent to the measurement date	822,896	10,487,836	-0-	-0-
Total	\$ 4,429,865	\$ 57,580,069	\$ 1,903,755	\$ 13,793,070

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, 2020. 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, 2020	\$ 1,536,144	\$ 10,993,223
2021	(713,376)	7,510,582
2022	106,210	922,529
2023	774,236	7,485,085
2024	-0-	5,161,739
Thereafter	-0-	1,226,004
	\$ 1,703,214	\$ 33,299,162

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**11. PENSION PLANS (continued)**

**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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
Cost of living adjustment	1.3%	1.5%

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-2014. 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 AA.

For ERS, the actuarial assumptions used in the April 1, 2017 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, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term 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 returns 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**11. PENSION PLANS (continued)**

**E. Actuarial Assumptions (continued)**

Asset type	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Domestic equity	33.0%	5.80%	36.0%	4.55%
International equity	16.0%	7.30%	14.0%	6.35%
Global equities	4.0%	6.70%		
Real estate	11.0%	4.90%	10.0%	5.55%
Private equities	8.0%	8.90%	10.0%	7.50%
Alternative investments			8.0%	3.75-5.68%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	6.50%		
Bonds and mortgages	8.0%	2.80-6.80%	17.0%	1.31%
Short-term	1.0%	0.30%		
Cash			1.00%	-0.25%
Inflation indexed bonds			4.00%	1.25%
	<u>100.0%</u>		<u>100.0%</u>	

**F. Discount Rate**

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or 1-percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (21,851,744)	\$ (4,997,929)	\$ 9,160,471
TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (74,349,801)	\$ 10,822,130	\$ 82,172,539

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**11. PENSION PLANS (continued)**

**H. Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Employers' total pension liability	\$ (189,803,429)	\$ (118,107,253)
Plan Fiduciary Net Position	182,718,124	119,915,517
Employers' net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ 1,808,264</u>
 Ratio of plan fiduciary net position to the Employers' total pension liability	 96.27%	 101.53%

**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, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$822,896.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 amounted to \$11,155,683.

**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, 2019, totaled \$161,255 and \$7,472,465, 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**12. OTHER PENSION PLANS (continued)**

**B. Deferred Compensation Plan (continued)**

The amount deferred by eligible employees for the year ended June 30, 2019 totaled \$945,706.

**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.

**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, 2017, the effective date of the OPEB valuation, is as follows:

	<u>Participants</u>
Active employees	979
Inactive employees or beneficiaries currently receiving benefit payments	<u>788</u>
Total	<u>1,767</u>

For valuation purposes, the 23 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.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**13. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (continued)**

**D. Total OPEB Liability**

The District's total OPEB liability of \$245,370,125 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018, 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.

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	3.0%
Discount rate	3.1%
Healthcare cost trend rates	8.0% for 2018, decreasing 0.5 percent per year to an ultimate rate of 5.0% in 2025

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, 2019. The average discount rate is 3.1%, which is a change from the prior valuation discount rate of 3.5%.

Mortality rates were based on the RP 2014 Healthy Male and Female Tables, as appropriate, with adjustments for mortality improvements based on Scale AA.

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, 2017 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, 2019

**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, 2018	\$ 221,272,880
Changes for the year:	
Service cost	2,842,276
Interest	7,369,331
Changes of assumptions or other inputs	19,009,334
Benefit payments	<u>(5,123,696)</u>
Net Changes	<u>24,097,245</u>
Balance at June 30, 2019	<u>\$ 245,370,125</u>

The changes of assumptions or other inputs reflects the change in the discount rate from 3.50% to 3.10%

**H. Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.1%) or 1-percentage-point higher (4.1%) than the current discount rate:

	One Percent Decrease (2.1%)	Current Discount Rate (3.1%)	One Percent Increase (4.1%)
Total OPEB liability	\$ 304,978,587	\$ 245,370,125	\$ 201,946,539

**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 (7.0%) or 1-percentage-point higher (9.0%) than the current healthcare cost trend rates:

	One Percent Decrease (7.0% to 4.0%)	Healthcare Cost Trend Rates (8.0% to 5.0%)	One Percent Increase (9.0% to 6.0%)
Total OPEB liability	\$ 197,068,792	\$ 245,370,125	\$ 317,071,974

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**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, 2019, the District recognized OPEB expense of \$11,939,728. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 17,281,213
Total	<u>\$ 17,281,213</u>

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

For the years ending June 30, 2020	\$ 1,728,121
2021	1,728,121
2022	1,728,121
2023	1,728,121
2024	1,728,121
Thereafter	8,640,608
	<u>\$ 17,281,213</u>

**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, 2019, the value of the accumulated vacation time and sick leave was \$15,474,278, of which \$15,858 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, 2019

**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.

	2019	2018
Unpaid claims at beginning of year	\$ 4,910,002	\$ 2,932,285
Incurred claims and claim adjustments	279,378	3,271,877
Claim payments	(793,972)	(1,294,160)
Unpaid claims at year end	<u>\$ 4,395,408</u>	<u>\$ 4,910,002</u>

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

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2019 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2020:

Retirement contributions	\$ 1,541,875
Workers' compensation	575,880
Restricted debt service	152,813
Unemployment insurance	15,000
Employee Benefit Accrued Liability	<u>10,000</u>
	<u>\$ 2,295,568</u>

**17. 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, 2019

**17. 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, 2019, were \$66,164. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 24,363
2021	22,725
2022	22,725
2023	1,894
	<u>\$ 71,707</u>

**D. Encumbrances**

At June 30, 2019, the District encumbered the following amounts:

	<u>General</u>	<u>Capital Projects</u>
Restricted:		
Capital Projects		\$ 27,851,514
Assigned:		
General Support	\$ 619,165	
Instruction	977,865	
Pupil Transportation	1,416	
Community Services	11,026	
Employee Benefits	12,945	
Capital Projects		2,507,608
	<u>\$ 1,622,417</u>	<u>\$ 30,359,122</u>
Total Encumbrances		

**18. 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, 2019, the amount of District property tax abated was \$6,680,450 and the payment in lieu of taxes received was \$3,953,907.

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**19. SUBSEQUENT EVENT**

On July 25, 2019, the District entered into a Master Lease Purchase Agreement with Apple, Inc. for the purchase of iPad tablets. The total payment of \$276,380, which reflects a 1.49% interest rate, will be funded from the District technology budget and paid off over a period of four years with an annual payment of \$70,635 commencing July 25, 2019 and ending July 25, 2022.

**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, 2019

	Original Budget	Final Budget	Actual		Variance With Final Budget
<b>REVENUES</b>					
Local Sources					
Real property taxes	\$ 203,571,382	\$ 196,881,205	\$ 196,919,001	\$	37,796
Other tax items	7,989,642	14,679,819	14,405,925		(273,894)
Charges for services	4,974,700	4,974,700	6,099,317		1,124,617
Use of money and property	717,342	717,342	2,133,591		1,416,249
Sale of property and compensation for loss	10,000	161,465	285,480		124,015
Miscellaneous	435,500	446,600	680,987		234,387
Total Local Sources	217,698,566	217,861,131	220,524,301		2,663,170
State aid	9,609,825	9,644,825	9,267,346		(377,479)
Federal aid	58,000	58,000	36,418		(21,582)
Total Revenues	227,366,391	227,563,956	229,828,065		2,264,109
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	150,000	150,000	1,776		(148,224)
Total Revenues and Other Financing Sources	227,516,391	227,713,956	229,829,841	\$	2,115,885
Assigned fund balances	1,519,847	1,519,847			
Appropriated reserves	1,638,637	1,638,637			
Total Revenues, Other Financing Sources and Appropriated Fund Balance	\$ 230,674,875	\$ 230,872,440			
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 214,106	\$ 216,731	179,583	\$ 375	\$ 36,773
Central administration	364,336	375,607	374,617		990
Finance	1,785,825	1,802,700	1,744,282	38,313	20,105
Staff	1,234,727	1,415,971	1,412,346	3,335	290
Central services	21,575,370	22,136,232	19,782,244	575,142	1,778,846
Special items	2,490,275	2,375,069	2,273,304	2,000	99,765
Total General Support	27,664,639	28,322,310	25,766,376	619,165	1,936,769
Instruction					
Instruction, administration and improvement	8,573,052	8,825,710	8,755,987	69,523	200
Teaching - regular school	69,412,732	69,664,793	66,762,355	729,814	2,172,624
Programs for children with disabilities	31,153,604	31,627,604	31,609,069	18,351	184
Teaching - special school	1,544,062	1,544,320	1,177,745	13,943	352,632
Instructional media	2,580,168	2,595,138	2,366,905	33,069	195,164
Pupil services	7,231,963	7,303,047	6,765,629	113,165	424,253
Total Instruction	120,495,581	121,560,612	117,437,690	977,865	3,145,057
Pupil Transportation	13,356,905	13,356,307	12,456,552	1,416	898,339
Community Services	712,791	957,791	899,580	11,026	47,185
Employee Benefits	57,986,432	55,683,152	51,641,314	12,945	4,028,893
Debt Service - principal	480,000	1,170,234	1,169,243		991
Debt Service - interest	475,000	227,507	226,946		561
Total Expenditures	221,171,348	221,277,913	209,597,701	1,622,417	10,057,795
<b>OTHER FINANCING USES</b>					
Transfers to other funds	9,503,527	9,594,527	9,594,525		2
Total Expenditures and Other Uses	\$ 230,674,875	\$ 230,872,440	219,192,226	\$ 1,622,417	\$ 10,057,797
Net Change in Fund Balance			10,637,615		
Fund Balance - Beginning of Year			50,431,119		
Fund Balance - End of Year			\$ 61,068,734		

**Note to Required Supplementary Information**

Budget Basis of Accounting

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

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS**  
**For the Last Two 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, 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:

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 6 Fiscal Years**

NYSERS	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0705394%	0.0726173%	0.0754953%	0.0816308%	0.0760734%	0.0760734%
District's proportionate share of the net pension liability (asset)	\$ 4,997,929	\$ 2,343,682	\$ 7,093,710	\$ 13,101,975	\$ 2,569,947	\$ 3,437,652
District's covered-employee payroll	\$ 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	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.	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%
NYSTRS	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.598482%	0.603227%	0.620657%	0.617738%	0.608130%	0.606293%
District's proportionate share of the net pension liability (asset)	\$ (10,822,130)	\$ (4,585,127)	\$ 6,647,497	\$ (64,163,301)	\$ (67,741,925)	\$ (3,990,943)
District's covered-employee payroll	\$ 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	-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.	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

**Note to Required Supplementary Information**

Teachers' Retirement System

The discounted rate decreased from 8.0% to 7.5% to 7.25% as reflected in 2016, 2017 and 2018 above.

Employees' Retirement System

The discounted rate decreased from 7.5% to 7.0% as reflected in 2015 and 2016 above.

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

NYSERS										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	\$ 1,671,948
Contributions in relation to the contractually required contribution	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	1,671,948
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 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	\$ 21,806,197
Contributions as a percentage of covered-employee payroll	14.83%	15.13%	15.16%	17.75%	17.36%	20.09%	18.53%	15.49%	12.32%	7.67%
NYSTRS										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	\$ 5,370,268
Contributions in relation to the contractually required contribution	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	5,370,268
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	\$ 87,645,113	\$ 85,911,973	\$ 87,910,726
Contributions as a percentage of covered-employee payroll	10.46%	9.58%	11.56%	13.08%	17.27%	16.02%	11.64%	10.91%	8.57%	6.11%

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND**  
For the Year Ended June 30, 2019

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 229,845,028
Add: Prior year's encumbrances	<u>829,847</u>
Original Budget	230,674,875
Add: Budget revisions	<u>197,565</u>
Final Budget	<u><u>\$ 230,872,440</u></u>

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

2019-20 voter-approved expenditure budget	<u><u>\$ 234,418,944</u></u>
Maximum allowed (4% of 2019-20 budget)	<u><u>\$ 9,376,758</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,622,417
Unassigned fund balance	<u>9,088,109</u>
	\$ 10,710,526
Less:	
Encumbrances	<u>\$ 1,622,417</u>
	<u>1,622,417</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 9,088,109</u></u>
Actual Percentage	3.88%



**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, 2019

PROJECT TITLE	Budget June 30, 2019	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2019
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<b>Five-Year Capital Plan</b>										
District-wide		\$ 26,807		\$ 26,807						
North High School		130,794	12,215	143,009						
North Middle School		166,146		166,146						
Saddle Rock		105,427		105,427						
South High School		412,401	139,442	551,843						
South Middle School		270,893		270,893						
Grace Ave		5,102	1,215	6,317						
Total Five-Year Capital Plan	\$ 1,959,534	1,117,570	152,872	1,270,442	\$ 689,092	\$ -0-	\$ -0-	\$ 1,959,534	\$ 1,959,534	\$ 689,092
<b>Technology Enhancements</b>										
District-wide		1,292,483	290,634	1,583,117						
EM Baker School		306,323	43,675	349,998						
John F. Kennedy School		277,727	45,952	323,679						
Lakeville School		380,999	62,816	443,815						
North High School		223,836		223,836						
North Middle School		230,622		230,622						
Parkville School		88,899	11,457	100,356						
Saddle Rock		273,876	9,191	283,067						
South High School		245,229		245,229						
South Middle School		221,085		221,085						
Unallocated - Elementary		531,330		531,330						
Village School		121,638	1,049	122,687						
Total Technology Enhancements	5,318,477	4,194,047	464,774	4,658,821	659,656	-0-	-0-	5,318,477	5,318,477	659,656
<b>Building Conditions Projects</b>										
Clover Drive Center		357,032	130,595	487,627						
Cumberland Center		1,273,554	1,574	1,275,128						
District-wide		299,565	76,557	376,122						
EM Baker School		791,480	36,178	827,658						
Grace Avenue		129,796	1,574	131,370						
Inland Building		31,138	2,651	33,789						
John F. Kennedy School		1,071,783	101,838	1,173,621						
Lakeville School		429,763	487,713	917,476						
North High School		823,609	198,927	1,022,536						
North Middle School		945,237	51,424	996,661						
Parkville School		889,162	43,117	932,279						
Phipps Administration		81,389	2,924	84,313						
Saddle Rock		715,660	321,305	1,036,965						
Security Building		-0-		-0-						
South Grounds		1,239,793		1,239,793						
South High School		750,296	540,346	1,290,642						
South Middle School		644,432	146,337	790,769						
Village School		281,524	1,574	283,098						
Transfer to General Fund			66	66						
Total Building Conditions Projects	21,807,597	10,755,213	2,144,700	12,899,913	8,907,684	-0-	581,567	21,226,030	21,807,597	8,907,684
<b>Carried forward</b>	<b>\$ 29,085,608</b>	<b>\$ 16,066,830</b>	<b>\$ 2,762,346</b>	<b>\$ 18,829,176</b>	<b>\$ 10,256,432</b>	<b>\$ -0-</b>	<b>\$ 581,567</b>	<b>\$ 28,504,041</b>	<b>\$ 29,085,608</b>	<b>\$ 10,256,432</b>

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

GREAT NECK UNION FREE SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING RESOURCES - CAPITAL PROJECTS FUND (continued)  
For the Year Ended June 30, 2019

PROJECT TITLE	Budget June 30, 2019	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2019
		Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<b>Brought forward</b>	<b>\$ 29,085,608</b>	<b>\$ 16,066,830</b>	<b>\$ 2,762,346</b>	<b>\$ 18,829,176</b>	<b>\$ 10,256,432</b>	<b>\$ -0-</b>	<b>\$ 581,567</b>	<b>\$ 28,504,041</b>	<b>\$ 29,085,608</b>	<b>\$ 10,256,432</b>
<b>Proposition 2012</b>										
Transfer to General Fund			1,710	1,710						
Total Proposition 2012	9,847	-0-	1,710	1,710	8,137	-0-	-0-	9,847	9,847	8,137
<b>Proposition 2016 (Capital Reserve)</b>										
Clover Drive		38,278	11,864	50,142						
Cumberland Center		50,759	525	51,284						
EM Baker School		651,098	693,748	1,344,846						
Grace Avenue		55,891	1,040	56,931						
John F. Kennedy School		1,399,639	143,587	1,543,226						
Lakeville School		80,194	1,093,399	1,173,593						
North High School		410,924	2,909,692	3,320,616						
North Middle School		1,507,473	398,501	1,905,974						
Parkville School		496,658	1,433,753	1,930,411						
Phipps Administration		1,187,656	105,683	1,293,339						
Saddle Rock		288,420	1,216,668	1,505,088						
South High School		621,243	317,152	938,395						
South Middle School		277,203	313,973	591,176						
Village School		5,881	43,270	49,151						
Total Proposition 2016	19,006,997	7,071,317	8,682,855	15,754,172	3,252,825	-0-	-0-	19,006,997	19,006,997	3,252,825
<b>Proposition 2017 (Bond Projects)</b>										
Clover Drive			2,501	2,501						
EM Baker School		257,748	1,503,186	1,760,934						
Grace Avenue		-	2,430	2,430						
John F. Kennedy School		-	164,004	164,004						
Lakeville School		8,702	39,066	47,768						
North High School		58,162	1,109,320	1,167,482						
North Middle School		-	15,803	15,803						
Parkville School		268,628	812,874	1,081,502						
Phipps Administration		700	2,326	3,026						
Saddle Rock		22,592	17,950	40,542						
South High School		4,568	1,964,869	1,969,437						
South Middle School		1,480	1,845,564	1,847,044						
Village School			4,990	4,990						
Total Proposition 2017	77,847,217	\$ 622,580	\$ 7,484,883	\$ 8,107,463	69,739,754	\$ 68,339,262	-0-	9,507,955	77,847,217	69,739,754
<b>Totals</b>	<b>\$ 125,949,669</b>	<b>\$ 23,760,727</b>	<b>\$ 18,931,794</b>	<b>\$ 42,692,521</b>	<b>\$ 83,257,148</b>	<b>\$ 68,339,262</b>	<b>\$ 581,567</b>	<b>\$ 57,028,840</b>	<b>\$ 125,949,669</b>	<b>\$ 83,257,148</b>
										Unissued Bonds (29,687,329)
										Capital Projects Fund - Fund Balance
										<b>\$ 53,569,819</b>

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

**GREAT NECK UNION FREE SCHOOL DISTRICT**  
**OTHER SUPPLEMENTARY INFORMATION**  
**NET INVESTMENT IN CAPITAL ASSETS**  
June 30, 2019

Capital assets, net			\$111,574,537
Deduct:			
Premium on bonds payable	\$ 3,941,933		
Short-term portion of bonds payable	1,135,000		
Long-term portion of bonds payable	33,575,000		
Unspent bond proceeds	(38,651,933)		
Short-term portion of capital leases payable	297,058		
Long-term portion of capital leases payable	219,329		
Short-term portion of installment purchase debt	754,448		
Long-term portion of installment purchase debt	<u>4,255,302</u>	<u>(5,526,137)</u>	
Net Investment in capital assets			<u>\$106,048,400</u>

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Great Neck Union Free School District (District), as of and for the year ended June 30, 2019, 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, 2019.

**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, 2019.

## **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, 2019

