

**MANHASSET UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

MANHASSET UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Manhasset Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Manhasset Union Free School District (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 fund of the District as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 24 and 69 through 73, 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.

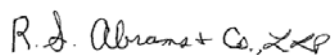
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, NY
November 15, 2021

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Manhasset Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions and conditions. It is also based on both the District-Wide and Fund 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.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position (deficit), as reflected in the District-Wide Financial Statements, is (\$95,260,029):
 - Net investment in capital assets of \$49,007,800 is 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 and deferred inflows and outflows related to debt issuance. The increase in net investments in capital assets over from the prior year of \$3,913,859 is due to: capital project expenditures and furniture and equipment acquisitions, net of current year's depreciation and net disposals, resulting in a net increase in capital assets of \$1,935,356, the impact of principal payments on serial bonds and obligations under the District's energy performance contract, resulting in a net decrease in debt of \$2,846,053, and a net decrease of certain deferred charges and deferred premiums related to the 2011 and 2019 library and 2016 District bond refunding of \$239,811 (an increase in net position); and a decrease in unspent bond proceeds in the capital projects fund of \$1,107,360.
 - Restricted net position of \$4,383,000 relates to the balances in the District's general fund repair and capital reserves, and the restricted balance in the debt service fund and miscellaneous special revenue fund. The decrease in restricted net position of \$1,550,324 is primarily due to transfers from the general fund 2010 capital reserve to the capital projects fund of \$3,696,845. This was partially offset by a transfer to the 2018 Capital Reserve of \$2,109,205. In addition, the District's total net position at June 30, 2020 was restated and restricted net position increased by \$487,084 due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, and net position increased by \$36,671 during 2020-2021 related to the activities in the miscellaneous special revenue fund, allocated interest of \$92 and debt service interest income in the debt service fund of \$553.
 - The unrestricted net deficit in the amount of \$148,650,829 increased over the prior year by \$19,362,297 primarily due to the impact of GASB Statement No. 68 and GASB Statement No. 75:

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2021, the District recorded a net position decrease of \$4,794,592 in its proportionate share

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

of net pension assets and liabilities, and deferred outflows and inflows, for the NYS Teachers' Retirement System ("TRS") and for the NYS Employees' Retirement System ("ERS"). The net pension liability is the total cost of future pension benefit payments that have already been earned, minus the value of assets available to make the benefit payments (the net position of the plan). Deferred outflows and inflows related to pensions will be recognized in future periods.

Under GASB Statement No. 68, the District must record its proportionate share of pension assets and liabilities for the TRS and ERS, even though the District has no access to the assets nor does the District manage, invest or control them in any way. The pension systems are mandated cost-sharing, multiple employer retirement systems for public employees in New York State managed by their own governing boards. The assets, net of related liabilities allocated to the District were provided by each pension system to the District, and the underlying assumptions and other information reported by these systems are included in Note 14 to these financial statements. The value of the pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year, and over which the District also has no control.

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* the District is required to report a net position in the total OPEB liability, and changes in the total OPEB liability are immediately recognized as OPEB expense in the Statement of Activities or deferred inflows/outflows in the Statement of Net Position. For the year ended June 30, 2021, the District recorded a net position decrease of \$12,690,446 related to the OPEB liability, and related deferred outflows and inflows. The total OPEB liability at June 30, 2021 was \$194,890,684. For the year ended June 30, 2021, the total OPEB liability increased \$8,106,207 (a decrease in net position), the OPEB deferred outflow decreased \$6,815,354 (a decrease in net position) and an OPEB deferred inflow decreased \$2,231,115 (an increase in net position). As of the date of these financials, the law does not permit the District to fund other post-employment benefits by any other means other than the "pay as you go" method.

All other assets, net of liabilities not included in net investments in capital assets and restricted net position decreased \$1,877,269, primarily in the general fund.

- The change in net position represents the District's operating profit or loss on the accrual basis of accounting. For the year ended June 30, 2021, the operating loss was \$16,998,762, compared to an operating loss of \$11,143,447 (not restated) from the prior year. Revenues increased 1.45%, while expenses increased 6.52%. The increase in revenues is primarily attributable to real property taxes and other tax items. The increase in expenses is primarily attributable to the increase in the impact on benefits expense from the effects on net position year over year of GASB Statement No. 68 and No. 75, noted above. Also see Notes 14 and 16 to these financial statements.
- As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$14,283,026, which is a net decrease of \$4,538,414 over the prior year, as restated, based upon

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

the modified accrual basis of accounting. This net decrease is attributable to changes in restricted, assigned and unassigned fund balances:

- The restricted fund balance of \$4,383,000 decreased \$1,550,324, excluding \$755,308 restricted for unspent bond proceeds, which decreased \$1,107,360 and which is included in investment in capital assets, primarily due to the items discussed above for restricted net position.
- Assigned fund balance of \$5,051,910 decreased \$1,947,145. The assigned portion of the general fund's fund balance to be used for subsequent year's expenditures is \$724,067 at June 30, 2021, the same as the prior year. The amount assigned to pay those expenses encumbered in 2020-21 but paid in 2021-22 is \$240,823, a decrease of \$551,358 and relates primarily to facilities related encumbrances for repairs and maintenance projects at all three buildings, instructional materials and instructional technology expenses. The District has assigned and designated \$925,000 of unassigned fund balance for the specific purpose of covering expenses associated with the 2020-21 COVID-19 Reopening Plan and to enhance systems security in the wake of the cybersecurity attack discussed in Note 21 to these financial statements, a decrease of \$3,423,511 over a similar designation in the prior year. These unanticipated expenses were not provided for in the general fund budget for 2021-2022. The assigned portion of the school lunch fund's fund balance decreased \$243,888 representing the loss in food service operations due to the impact of the COVID-19 pandemic. In the capital projects fund, assigned fund balance increased \$2,271,612, reflecting transfers from the general fund of \$5,614,530 offset by increased expenditures pursuant to the various capital projects initiatives, resulted in an increase in assigned fund balance of \$2,271,612.
- As reflected in the summary changes shown in Section 5.B of this management's discussion and analysis, the District will begin the 2021-22 fiscal year with an unassigned fund balance of \$4,092,808 after the designation of \$925,000 of unassigned fund balance as assigned at June 30, 2021 for expenses associated with the 2020-21 COVID-19 Reopening Plan and the cybersecurity attack discussed in Note 21 (see details herein). This assigned and designated fund balance represents 0.90% of the general fund budget. The unassigned fund balance of \$4,092,808 is an increase of \$66,415 over the unassigned balance from the prior year and is 4.00% of next year's budget. When combined, these components of fund balance are 4.90%, which is above the 4% statutory maximum permitted by New York State Real Property Tax Law.
- The 2020-21 final general fund budget for revenues was \$99,935,753. Actual revenues received in 2020-21 were \$100,527,571. The surplus of actual 2020-21 revenue over budgeted revenue was \$591,818, due to several factors. Property taxes greater than budget by \$76,998 were paid to the District, primarily LIPA PILOTs. The District received \$507,030 more state aid than budgeted primarily related to reimbursements for tuition for students in out-of-district placements. District charges for services were more than budget by \$79,074 and include borderline properties whose taxes are designated for Manhasset, billings related to the provision of special education and health service to non-resident students attending non-public schools located in Manhasset and collection of tuition from non-resident students. Miscellaneous revenues include recoveries related to prior years, which were more than budget by \$84,344 and include reversals of accruals and payables from prior years, and gifts and donations. Finally, use of money and property was less than budget by \$218,416 due to near zero interest earnings on the District's cash investments.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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- The 2020-21 final general fund budget for expenditures was \$111,276,534. Actual expenditures as of June 30, 2021 were \$106,023,573 and outstanding encumbrances were \$240,823. Combined, the expenditures plus encumbrances for 2020-21 were \$106,264,396. The final budget was under-expended by \$5,012,138 across all categories of expenditures including general support (\$582,309), instruction (\$3,126,665), employee benefits (\$619,343) primarily in pension expense, employer payroll taxes and health insurance benefits costing less than projected, and transportation (\$595,981). Expenses of \$4,210,003 related to the COVID-19 Reopening Plan were funded through assigned fund balance designated for this purpose at June 30, 2020 as discussed above, thereby relieving the pressure on the 2020-2021 budget. See below.
- Actual expenditures of \$4,210,003 in 2020-2021 related to the COVID-19 pandemic include:
 - \$1,826,109 related to facilities, including ventilation repairs and maintenance, related equipment, cleaning and sanitizing supplies and compensation costs related to expanded detail cleaning protocols.
 - \$2,383,894 related to instruction, including curriculum and staff development related to the delivery of instruction during the pandemic, the addition of 19 sections of elementary instruction to facilitate social distancing, instructional technology expenditures for on-site and remote instruction, and expenses for expanded health services.
- The Board of Education adopted a budget for 2021-2022 that reflected a budget increase of 1.65% and a tax levy increase of 1.60%, which was at the District's statutory tax levy limit of 1.60%. The budget was presented to the voters on May 18, 2021 and passed with voter approval of 68.82%.
- The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020 to help address the economic effects of the coronavirus pandemic. Regarding local governments and school districts, the CARES Act is primarily focused on helping these entities fund unanticipated expenditures incurred due to the pandemic. In the 2020-21 school year, the District received an allocation CARES Act - ESSER funding in the amount of \$89,669, as well as CARES Act - GEER funding in the amount of \$15,197, of which \$60,211 was spent, and \$20,972 was reimbursed under CARES at June 30, 2021. The \$60,211 of revenue is included in the federal sources section of Supplemental Schedule #1 and a receivable of \$39,239 is recorded.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

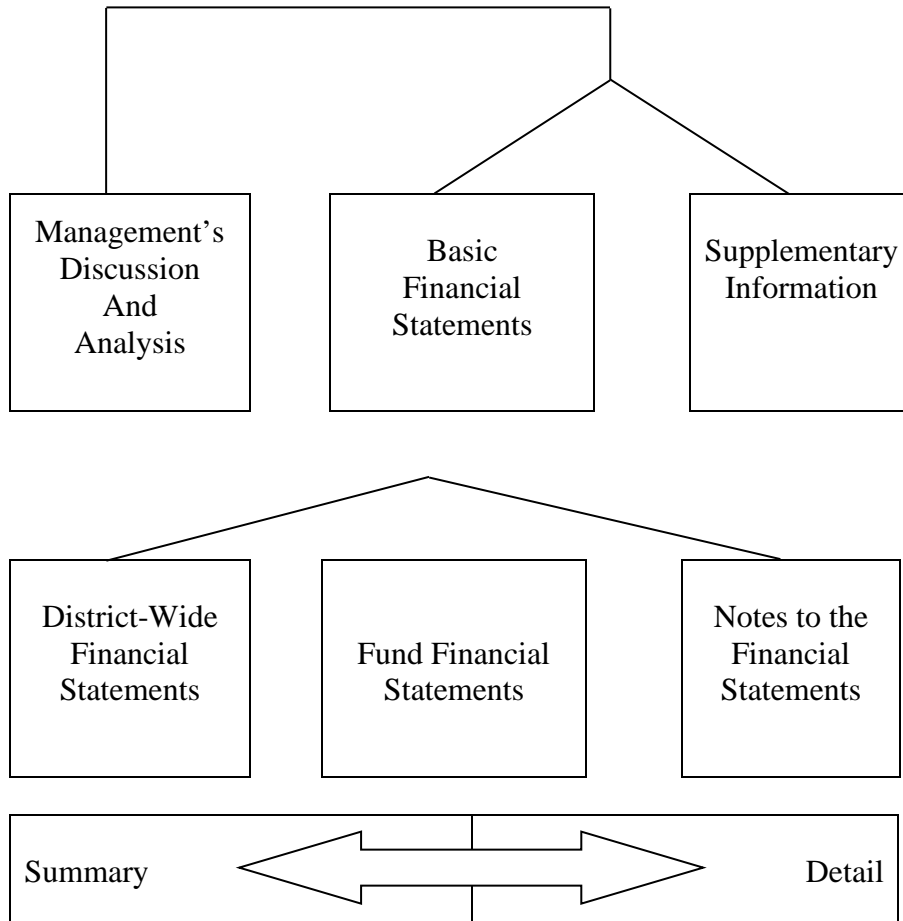
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MANAGEMENT’S DISCUSSION AND ANALYSIS
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- *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for resources that belong to others. The District reports on the custodial fund which accounts for real property taxes collected on behalf of other governments and disbursed to other governments.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the District’s Annual Financial Report



**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows 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 outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows 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 and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; 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

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A. District-Wide Statements

The District-Wide Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Statements report the District's net position and how it has changed. Net position - the difference between the assets and deferred outflows of resources, and the liabilities and deferred inflows of resources - is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints place on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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B. Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Statements, additional information in a separate schedule explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the custodian or *fiduciary* for assets that belong to others. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments and utilizes the economic reserve measurement focus and the accrual basis of accounting. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

The approved budget of the Manhasset Public Library for the fiscal year 2020-2021 authorized a tax levy of \$5,403,412. In certifying the amount of taxes to be levied on behalf of the Library, the District omitted the sum of \$1,022,625, due to a clerical error. To correct the error and enable the Library to fund its approved budget, the District advanced the shortfall to the Library in 2020-2021. On May 18, 2021, the voters approved an incremental Library tax levy of \$1,022,625 to reimburse the funds advanced by the District. The receivable is reflected in the general fund, payable by the custodial fund upon receipt of the incremental tax levy.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Current assets and other assets, other liabilities, restricted net position and total net position for 2021 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency and the private purpose trust funds and now records those

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

activities in the general fund, miscellaneous special revenue fund, and in the fiduciary fund- custodial fund. See Footnote 20 for further information, and the chart below:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$ 32,129,683	\$ 31,267,919	\$ 861,764
Other liabilities	13,423,248	13,048,568	374,680
Net position			
Restricted	5,933,324	5,446,240	487,084
Total net position (deficit)	(78,261,267)	(78,748,351)	487,084

Table A-3 – Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$ 23,768,564	\$ 32,129,683	\$ (8,361,119)	-26.02%
Capital assets, net	75,251,409	73,316,053	1,935,356	2.64%
Net pension asset, proportionate share	-	6,543,704	(6,543,704)	-100.00%
Total assets	99,019,973	111,989,440	(12,969,467)	-11.58%
Deferred outflows of resources	65,383,861	68,564,669	(3,180,808)	-4.64%
Total assets and deferred outflows of resources	164,403,834	180,554,109	(16,150,275)	-8.94%
Other liabilities	9,669,919	13,423,248	(3,753,329)	-27.96%
Long-term liabilities	228,265,129	220,919,410	7,345,719	3.33%
Total Liabilities	237,935,048	234,342,658	3,592,390	1.53%
Deferred inflows of resources	21,728,815	24,472,718	(2,743,903)	-11.21%
Total liabilities and deferred inflows of resources	259,663,863	258,815,376	848,487	0.33%
Net Position				
Net investment in capital assets	49,007,800	45,093,941	3,913,859	8.68%
Restricted	4,383,000	5,933,324	(1,550,324)	-26.13%
Unrestricted (deficit)	(148,650,829)	(129,288,532)	(19,362,297)	14.98%
Total Net Position (Deficit)	\$ (95,260,029)	\$ (78,261,267)	\$ (16,998,762)	21.72%

Current and other assets decreased by \$8,361,119 as compared to the prior year. The decrease is primarily related to unrestricted cash in the general fund.

Capital assets, net increased by \$1,935,356 as compared to the prior year. This increase is primarily due to capital project expenditures and equipment purchases, and is net of current year's depreciation expense on capital assets. Section 6 below and the accompanying Notes to Financial Statements, Note 8 "Capital Assets" provide additional information.

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Pursuant to GASB Statements Nos. 68 and 71, the District's proportionate share of net pension assets decreased \$6,543,704.

The District has no access to the pension systems' net assets nor does the District manage, invest or control them in any way. The value of the assets, net of liabilities, depends upon changing market fluctuations over which the District also has no control. The value of the net pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year.

Deferred outflows of resources decreased \$3,180,808 and deferred inflows of resources decreased \$2,743,903, a total decrease in net position of \$5,924,711. Changes were recorded in deferred outflows and inflows derived from the District's refunding's of outstanding library and District construction debt issued in 2011, 2016 and 2019, a total net increase in net position of \$239,811. Deferred outflows of resources related to the refunding's decreased \$63,006 and deferred inflows decreased \$302,817. The net benefit derived by the District of deferred outflows and inflows on a present value basis is to be realized over the life of the debt. In addition, changes were recorded in deferred outflows and inflows related to pensions plans pursuant to GASB Statement No. 68. The District's proportional share of deferred outflow of resources and the District contributions subsequent to the measurement dates for pensions is \$28,850,066. The District's proportionate share of net pension inflows of resources for pensions is \$8,899,061. Deferred outflows related to pensions increased \$3,697,552 and deferred inflows related to pensions decreased \$209,971, for a net increase in net position of \$3,907,523. In addition, pursuant to GASB Statement No. 75, the District recorded an decrease in deferred outflows of \$6,815,354 at June 30, 2021 related to other post-employment benefits and an decrease in deferred inflows at June 30, 2021 of \$2,231,115, a total net decrease in net position of \$4,584,239.

Other liabilities decreased by \$3,753,329 as compared to the prior year, primarily related to the inclusion at June 30, 2020 of a Tax Anticipation Note of \$6,100,000 issued on May 28, 2020 in anticipation of shortfalls and delays in revenues from real property taxes and state aid due to the COVID-19 pandemic, offset by an increase in accounts payable in the Capital Projects fund. The TAN was repaid on October 29, 2020.

Long-term liabilities increased by \$7,345,719 as compared to the prior year, and includes an increase in the Total OPEB Liability as of June 30, 2021 of \$8,106,207, an increase of \$2,158,411 in the District's proportionate share of pension liability; principal payments due on serial bonds of \$2,590,000 and the energy performance contract of \$256,053 and a decrease in the net amount deferred under the ERS SCO in 2020-21 of \$78,403, wherein the total amount deferred under the ERS SCO at June 30, 2021 is \$619,005.

Net investment in capital assets of \$49,007,800 is 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 and deferred inflows and outflows related to debt issuance. The increase in net investments in capital assets over from the prior year of \$3,913,859 is due to: capital project expenditures and furniture and equipment acquisitions, net of current year's depreciation and net disposals, resulting in a net increase in capital assets of \$1,935,356, the impact of principal payments on serial bonds and obligations under the District's energy performance contract, resulting in a net decrease in debt of \$2,846,053, and a net decrease of certain deferred

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charges and deferred premiums related to the 2011 and 2019 library and 2016 District bond refunding of \$239,811 (an increase in net position); and a decrease in unspent bond proceeds in the capital projects fund of \$1,107,360.

Restricted net position of \$4,383,000 relates to the balances in the District's general fund repair and capital reserves, and the restricted balance in the debt service fund and miscellaneous special revenue fund. The decrease in restricted net position of \$1,550,324 is primarily due to transfers from the general fund 2010 capital reserve to the capital projects fund of \$3,696,845. This was partially offset by a transfer to the 2018 Capital Reserve of \$2,109,205. In addition, the District's total net position at June 30, 2020 was restated and restricted net position increased by \$487,084 due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, and net position increased by \$36,671 during 2020-2021 related to the activities in the miscellaneous special revenue fund, allocated interest of \$92 and debt service interest income in the debt service fund of \$553.

The unrestricted net deficit in the amount of \$148,650,829 increased over the prior year by \$19,362,297 primarily due to the impact of GASB Statement No. 68 and GASB Statement No. 75:

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions –An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2021, the District recorded a net position decrease of \$4,794,592 in its proportionate share of net pension assets and liabilities, and deferred outflows and inflows, for the NYS Teachers' Retirement System ("TRS") and for the NYS Employees' Retirement System ("ERS"). The net pension liability is the total cost of future pension benefit payments that have already been earned, minus the value of assets available to make the benefit payments (the net position of the plan). Deferred outflows and inflows related to pensions will be recognized in future periods.

Under GASB Statement No. 68, the District must record its proportionate share of pension assets and liabilities for the TRS and ERS, even though the District has no access to the assets nor does the District manage, invest or control them in any way. The pension systems are mandated cost-sharing, multiple employer retirement systems for public employees in New York State managed by their own governing boards. The assets, net of related liabilities allocated to the District were provided by each pension system to the District, and the underlying assumptions and other information reported by these systems are included in Note 14 to these financial statements. The value of the pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year, and over which the District also has no control.

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* the District is required to report a net position in the total OPEB liability, and changes in the total OPEB liability are immediately recognized as OPEB expense in the Statement of Activities or deferred inflows/outflows in the Statement of Net Position. For the year ended June 30, 2021, the District recorded a net position decrease of \$12,690,446 related to the OPEB liability, and related deferred outflows and inflows. The total OPEB liability at June 30, 2021 was \$194,890,684. For the year ended June 30, 2021, the total OPEB liability increased \$8,106,207 (a decrease in net position), the OPEB deferred outflow decreased \$6,815,354 (a decrease in net position) and an OPEB deferred inflow decreased \$2,231,115 (an increase in net position). As of the

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date of these financials, the law does not permit the District to fund other post-employment benefits by any other means other than the “pay as you go” method.

All other assets, net of liabilities not included in net investments in capital assets and restricted net position decreased \$1,877,269, primarily in the general fund.

Changes in Net Position

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. In this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2021 is as follows:

Table A-4: Change in Net Position from Operating Results Governmental Activities Only

	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$1,429,080	\$1,994,899	(\$565,819)	-28.36%
Operating grants	1,838,823	1,461,554	377,269	25.81%
Capital grants	-	57,216	(57,216)	-100.00%
General Revenues				
Real property taxes and other tax items	92,359,256	90,567,185	1,792,071	1.98%
State sources	5,480,409	5,554,165	(73,756)	-1.33%
Use of money & property	24,800	269,090	(244,290)	-90.78%
Other	1,527,372	1,286,244	241,128	18.75%
Total Revenues	<u>102,659,740</u>	<u>101,190,353</u>	<u>1,469,387</u>	1.45%
Expenses				
General support	15,621,549	12,038,073	3,583,476	29.77%
Instruction	93,960,999	90,163,850	3,797,149	4.21%
Pupil transportation	4,796,783	4,361,016	435,767	9.99%
Debt service - interest	751,843	896,519	(144,676)	-16.14%
Food service program	956,584	927,304	29,280	3.16%
Depreciation (unallocated)	3,570,744	3,947,037	(376,293)	-9.53%
Total Expenses	<u>119,658,502</u>	<u>112,333,800</u>	<u>7,324,703</u>	6.52%
Increase (Decrease) in Net Position	<u>(\$16,998,762)</u>	<u>(\$11,143,447)</u>	<u>(\$5,855,316)</u>	-52.54%

Revenues for the District’s governmental activities totaled \$102,659,740 while total expenses equaled \$119,658,502, resulting in a decrease in net position of \$16,998,762. The change in net position represents the District’s operating profit or loss on the accrual basis of accounting. Revenues increased 1.45%, while expenses increased 6.52%. The increase in revenues is primarily attributable to real property taxes and other tax items. The increase in expenses is primarily attributable to the

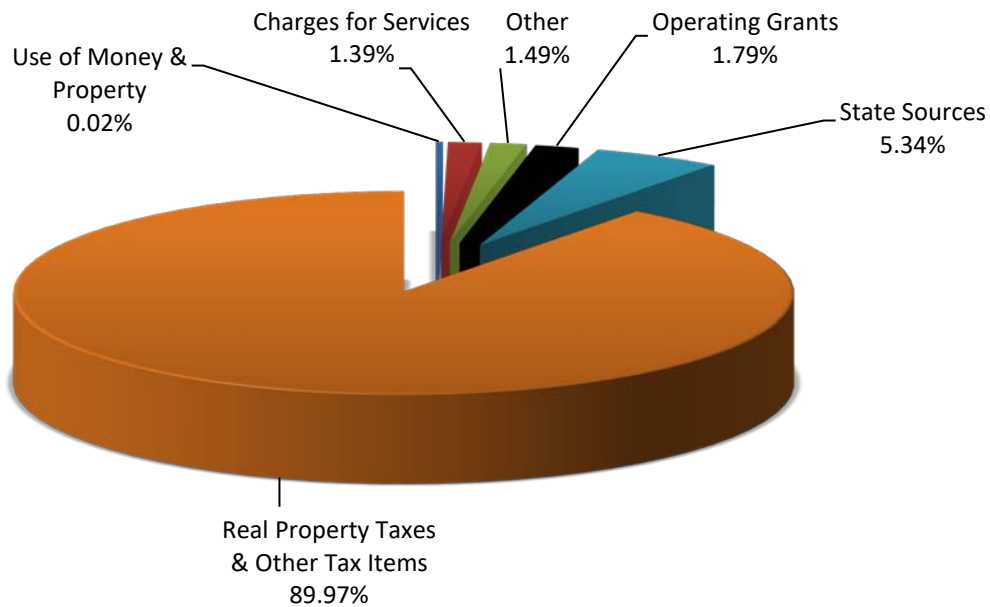
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increase in the impact on benefits expense from the effects on net position year over year of GASB Statement No. 68 and No. 75, noted above. Also see Notes 14 and 16 to these financial statements

As indicated on the pie charts that follow, real property taxes and other tax items are the largest component of revenues recognized, representing 89.97% of total revenue for the year ended June 30, 2021.

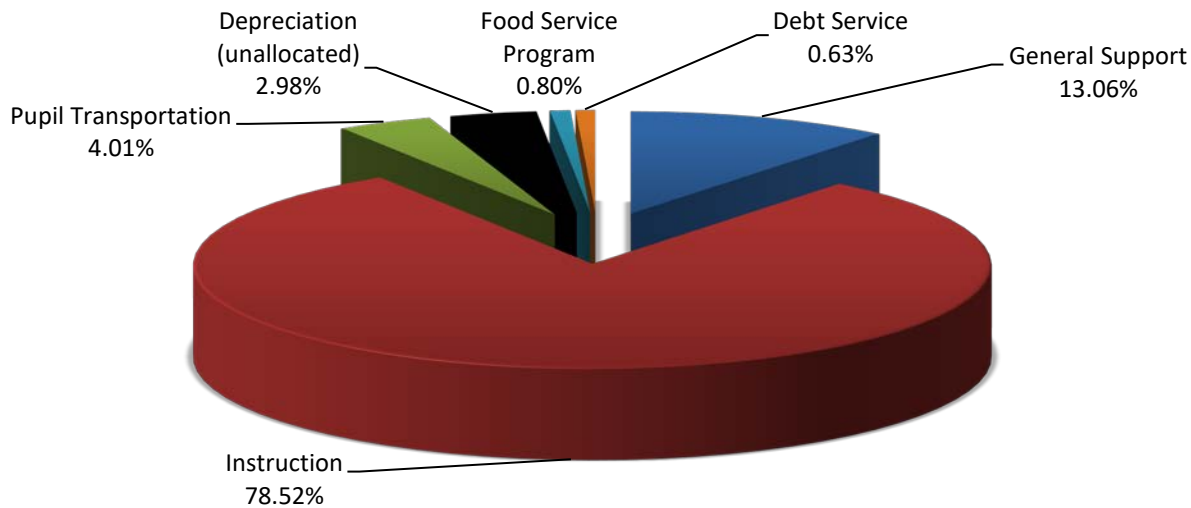
Instructional expenses are the largest category of expenses incurred representing 78.52% of expenses for the year ended June 30, 2021.

Table A-5: Revenues for Fiscal Year 2021 (See Table A-4)



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TableA-6: Expenses for Fiscal Year 2021 (See Tables A-4 and A-7)



C. Governmental Activities

Table A-7 presents the cost of the major District activities: general support, instruction, pupil transportation, debt service, food service program and depreciation. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
General Support	\$15,621,549	\$12,038,073	\$15,621,549	\$11,980,857
Instruction	93,960,999	90,163,850	91,491,213	87,809,140
Pupil Transportation	4,796,783	4,361,016	4,729,060	4,256,597
Debt Service - Interest	751,843	896,519	751,843	896,519
Food Service Program	956,584	927,304	226,190	(70,020)
Depreciation-(unallocated)	3,570,744	3,947,037	3,570,744	3,947,037
Total	\$119,658,502	\$112,333,799	\$116,390,599	\$108,820,130

The cost of all governmental activities this year was \$119,658,502 (Statement of Activities, Expense’s column-see Exhibit 3).

- The users of the District’s programs financed \$1,429,080 of the costs (Statement of Activities, Charges for Services column-see Exhibit 3).

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- The federal and state governments subsidized certain programs with operating grants of \$1,838,823 (Statement of Activities, Operating Grants column – see Exhibit 3).
- Most of the District's net costs of \$116,390,599 were financed by District taxpayers and state and federal aid (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3).

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$14,283,026 which is a decrease of \$4,538,414 from the prior year. Fund balance for fiscal year 2020 was restated to include a miscellaneous special revenue fund for scholarships and donations, extraclassroom activities, and other activities, due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Footnote 20.

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A summary of the changes in fund balance for all funds are as follows:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted:				
Repair	\$279,743	\$279,737	6	0.00%
Capital (2010)	1,216,873	4,913,634	(3,696,761)	-75.23%
Capital (2018)	2,178,929	69,722	2,109,207	3025.17%
Assigned:				
General support	170,474	152,053	18,421	12.11%
Instruction	70,349	640,128	(569,779)	-89.01%
Designated for subsequent year's expenditures	724,067	724,067	0	0.00%
Designated for COVID-19 reopening plan and cybersecurity attack expenses	925,000	4,348,511	(3,423,511)	-78.73%
Unassigned (See 5.B for further detail)	4,092,808	4,026,393	66,415	1.65%
Total Fund Balance - General Fund	<u>9,658,243</u>	<u>15,154,245</u>	<u>(5,496,002)</u>	-36.27%
School Lunch Fund				
Assigned - unappropriated	390,969	634,857	(243,888)	-38.42%
Debt Service Fund				
Restricted	183,700	183,147	553	0.30%
Miscellaneous Special Revenue				
Restricted	523,755	487,084	36,671	7.53%
Capital Projects Fund				
Assigned - unappropriated	2,771,051	499,439	2,271,612	454.83%
Restricted for unspent bond proceeds	755,308	1,862,668	(1,107,360)	-59.45%
Total Fund Balance- Capital Projects Fund	<u>3,526,359</u>	<u>2,362,107</u>	<u>1,164,252</u>	49.29%
Total Fund Balances - All Funds	<u>\$14,283,026</u>	<u>\$18,821,440</u>	<u>(\$4,538,414)</u>	-24.11%

A. General Fund

The net change in general fund – fund balance is a net decrease of \$5,496,002. This net increase includes allocated interest of \$92 and is primarily due to the \$3,423,511 decrease in the designation of assigned fund balance to the expenses associated with the 2020-2021 and 2021-2022 COVID-19 Reopening Plans, respectively, and, in 2020-2021, expenses related to the cybersecurity attack discussed below. In addition, the decrease resulting from the transfer from the 2010 Capital Reserve to the Capital Projects funds of \$3,696,845 is offset by the transfer to the 2018 Capital Reserve of \$2,109,205 and allocated interest. The assigned portion of the general fund's fund balance to be used for subsequent year's expenditures is \$724,067 at June 30, 2021, equal to the prior year designation. The amount assigned to pay those expenses encumbered in 2020-21 but paid in 2021-22 is \$240,823, a decrease of \$551,358 and relates primarily to facilities related encumbrances for repairs and

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maintenance projects at all three buildings, instructional materials and instructional technology equipment and related expenses. The District's unassigned fund balance at June 30, 2021 is \$4,092,808 after the designation of \$925,000 of unassigned fund balance as assigned for the specific purpose of covering the expenses associated with the 2021-2022 COVID-19 Reopening Plan and to enhance the District's systems security in the wake of the cybersecurity attack in September 2021 discussed in Footnote 21 (see details herein). These unanticipated expenses were not provided for in the general fund budget for 2021-2022. This assigned and designated fund balance is 0.90% of next year's budget. After such designation, unassigned fund balance of \$4,092,808 is 4.00% of next year's budget, an increase of \$66,415. When combined, these components of fund balance are 4.90%, which is above the 4% statutory maximum permitted by New York State Real Property Tax Law.

On May 21, 2019, the voters approved a capital projects proposition for \$5,830,000 to be funded from a transfer from the 2010 Capital Reserve (\$4,924,625), a transfer from general fund unassigned fund balance in 2018-19 (\$811,000) and gifts from the community (\$94,345). The bulk of the projects were completed in Summer 2020 and Summer 2021. \$3,696,845 was transferred in 2020-2021 from the 2010 Capital Reserve to the capital projects fund pursuant to these projects.

B. School Lunch Fund

The net change in the school lunch fund balance is a net decrease of \$243,888 primarily reflecting the net loss of the program of \$163,852, an interfund transfer from the general fund of \$1,129, and capital outlays for equipment and improvements in the District's cafeterias of \$81,164. The program's profitability was adversely impacted by the COVID-19 pandemic.

C. Debt Service Fund

The debt service fund restricted fund balance had a net increase of \$553, due to interest income in the current year.

D. Miscellaneous Special Revenue Fund

The miscellaneous special revenue fund balance had a net increase of \$36,671 due to the activities in the extraclassroom activities accounts and the scholarship accounts, among other items.

E. Capital Projects Fund

The net change in the capital projects fund balance is a increase of \$1,164,252. This net increase is primarily due to transfers from general fund of \$3,696,845 pursuant to the 2019 Capital Projects Proposition, and \$1,917,685 pursuant to the 2021 Capital Projects proposition approved by the voters on May 18, 2021, less expenditures of \$4,450,278 pursuant to the 2014 Capital Projects Bond Referendum, the 2019 Capital Projects proposition and the 2021 Capital Projects proposition.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$100,659,820. This amount was increased by encumbrances carried over from the prior year in the amount of \$792,181.

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At June 30, 2020, the District designated as assigned fund balance \$4,348,511 to fund expenses associated with 2020-2021 COVID-19 Reopening Plan. Actual expenditures were \$4,210,003. A budget revision for these expenditures was approved by the Board of Education on June 24, 2021.

The budget was funded through a combination of revenues and assigned/designated fund balance. The majority of this funding source was \$92,359,256 in budgeted real property taxes and other tax items, plus interest earnings thereon. In addition, transfers to the capital project fund of \$3,696,845 and \$1,917,685 were funded through a transfer from the 2010 Capital Reserve in 2020-21 and a transfer from unassigned fund balance, respectively.

B. Change in the General Fund Unassigned Fund Balance

The general fund unassigned fund balance is the component of total fund balance that is the cumulative residual of prior years' excess revenues over expenditures, net of transfers to restricted fund balances and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The components of the change in this balance in 2020-2021 follow:

Opening unassigned fund balance	\$ 4,026,393
Revenues over budget	591,818
Expenditures and encumbrances under budget	5,012,138
Designated for 2020-21 COVID-19 Reopening Plan	4,348,511
Budget Revision- Actual 2020-21 COVID-19 expenses	(4,210,003)
Designated for 2021-22 COVID-19 and cybersecurity attack expenses	(925,000)
Transfer from unassigned fund balance to capital projects fund	(1,917,685)
Transfer from 2010 capital reserve	3,696,845
Transfer to 2018 capital reserve	(3,696,845)
Interest allocated to reserves	(2,109,205)
Appropriated for next year's budget	(92)
closing unassigned fund balance	(724,067)
	\$ 4,092,808

Opening Unassigned Fund Balance

The \$4,026,393 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned, after designation of \$4,348,511 to the 2020-2021 COVID-19 Reopening Plan. This unassigned portion was 4% of the 2020-21 budget, and thus was at the 4% statutory maximum per New York State Real Property Tax Law. When combined with the designation for COVID-19 Reopening Plan, the fund balance was 8.32% of the 2020-2021 budget.

Revenues Over Budget

The 2020-21 final general fund budget for revenues was \$99,935,753. Actual revenues received in 2020-21 were \$100,527,571. The surplus of actual 2020-21 revenue over budgeted revenue was \$591,818, due to several factors. Property taxes greater than budget by \$76,998 were paid to the

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District, primarily LIPA PILOTs. The District received \$507,030 more state aid than budgeted primarily related to reimbursements for tuition for students in out-of-district placements. District charges for services were more than budget by \$79,074, and include borderline properties whose taxes are designated for Manhasset, billings related to the provision of special education and health services to non-resident students attending non-public schools located in Manhasset and collection of tuition from non-resident students. Miscellaneous revenues include recoveries related to prior years, which were more than budget by \$84,344 and include reversals of accruals and payables from prior years, and gifts and donations. Finally, use of money and property was less than budget by \$218,416 due to near zero interest earnings on the District's cash investments.

Expenditures and Encumbrances Under Budget

The 2020-21 final general fund budget for expenditures was \$111,276,534. Actual expenditures as of June 30, 2021 were \$106,023,573 and outstanding encumbrances were \$240,823. Combined, the expenditures plus encumbrances for 2020-21 were \$106,264,396. The final budget was under-expended by \$5,012,138 across all categories of expenditures including general support (\$582,309), instruction (\$3,126,665), employee benefits (\$619,343) primarily in pension expense, employer payroll taxes and health insurance benefits costing less than projected, and transportation (\$595,981). Expenditures of \$4,210,003 related to the COVID-19 Reopening Plan were funded through assigned fund balance designated for this purpose at June 30, 2020 as discussed above, thereby relieving the pressure on the 2020-2021 budget.

Designated and Budget Revision for COVID-19 Reopening Plan/Cybersecurity Attack

At June 30, 2020, unassigned fund balance in the general fund of \$4,348,511 was assigned and designated to fund expenditures associated with the COVID-19 Reopening Plan for 2020-21 and the Board of Education approved a budget revision to reflect it use.

Actual expenditures of \$4,210,003 in 2020-2021 related to the COVID-19 pandemic include:

- \$1,826,109 related to facilities, including ventilation repairs and maintenance, related equipment, cleaning and sanitizing supplies and compensation costs related to expanded detail cleaning protocols.
- \$2,383,894 related to instruction, including curriculum and staff development related to the delivery of instruction during the pandemic, the addition of 19 sections of elementary instruction to facilitate social distancing, instructional technology expenditures for on-site and remote instruction, and expenses for expanded health services.

At June 30, 2021, \$925,000 is assigned and designated to cover expenses associated with the 2020-2021 COVID-19 Reopening Plan and to enhance systems security in the wake of the cybersecurity attack discussed in footnote 21 to these financial statements. Anticipated COVID related expenditures include, but may not be limited to, staff costs, repairs and maintenance of ventilation systems at all buildings, cleaning and disinfecting supplies, personal protective equipment for staff and students, daily health attestation software, and health and emotional support services. With respect to the cybersecurity attack, incremental expenditures will be incurred to cover policy deductibles and the costs of several additional measures to enhance security in an effort to prevent an incident from recurring in the future.

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Transfer from Unassigned Fund Balance to Capital Projects Fund

On May 18, 2021, the voters approved a transfer to the capital projects fund of \$1,917,685 to complete four capital projects pursuant to the 2021 Capital Projects proposition.

Transfer from 2010 Capital Reserve and Transfer to Capital Projects Fund

In 2020-21 \$3,696,845 was transferred to the capital projects fund pursuant to the 2019 Capital Projects referendum discussed in Section 4A above.

Transfer to 2018 Capital Reserve

In June 2021, the Board of Education approved a resolution to transfer up to \$5,000,000 to the 2018 Capital Reserve, of which \$2,109,205 was transferred as of June 30, 2021.

Interest allocated to Reserves

Interest allocated to reserves was \$92.

Assigned – Designated Fund Balance

The District determined to use \$724,067 of its unassigned fund balance to partially fund the 2021-22 operating budget. As such, the unassigned portion of the June 30, 2021 fund balance must be reduced by this amount.

Closing Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2021-22 fiscal year with an unassigned fund balance of \$4,092,808, after the designation of \$925,000 to the 2020-2021 COVID-19 Reopening Plan and expenses associated with the cybersecurity attack discussed above. This is an increase of \$66,415 over the unassigned balance from the prior year, is 4.00% of next year's budget. Combined with the amount assigned and designated for COVID-19 and cybersecurity attack expenses, the District's unassigned fund balance of 4.90% was above the statutory maximum of 4% permitted by New York State and Real Property Tax Law.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, including land, buildings and improvements and furniture and equipment for school purposes and Manhasset Library purposes. A summary of the District's capital assets, net of depreciation at June 30, 2020 and 2021 is as follows:

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Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percentage Change
Land & Land Improvements	\$1,421,877	\$1,421,877	\$ -	0.00%
Construction in Progress	4,450,278	1,340,249	3,110,029	100.00%
Buildings & Building Improvements	107,970,693	106,474,823	1,495,870	1.40%
Site Improvements	237,022	237,022	-	0.00%
Furniture & Equipment	13,928,430	13,591,784	336,646	2.48%
Subtotal	<u>\$128,008,300</u>	<u>\$123,065,755</u>	<u>4,942,545</u>	4.02%
Less: Accumulated Depreciation	<u>52,756,891</u>	<u>49,749,702</u>	<u>3,007,189</u>	6.04%
Total Net Capital Assets	<u><u>\$75,251,409</u></u>	<u><u>\$73,316,053</u></u>	<u><u>\$1,935,356</u></u>	2.64%

During the fiscal year ended June 30, 2021, a total of \$4,450,278 of costs in the capital projects fund were recorded as construction in progress, \$1,055,823 of costs were incurred for building, building improvements and purchase of capitalized furniture and equipment in the general fund and the school lunch fund and assets of \$560,756 were disposed, at a net loss on disposal of \$47,832.

Depreciation expense of \$3,522,913 and net loss on disposals of \$47,832 were not allocated to the governmental functions.

The capital projects fund has \$3,526,359 available for various on-going capital projects. On December 3, 2014, the District voters approved a Capital Projects Bond Referendum for projects totaling \$22,609,870, to be funded by up to \$19,493,194 of bonds and a transfer from the general fund of \$466,676, \$2.4 million of 2010 capital reserve funds and a \$250,000 gift from the Manhasset School Community Association. In 2014-15 and 2015-16, \$1.75 million and \$650,000 respectively of capital reserve funds were transferred to the capital projects fund pursuant to 2014 Capital Projects Bond Referendum and \$7,350,000 of new debt was issued in May 2016, \$6,000,000 of new debt was issued in December 2016 and \$5,500,000 of new debt was issued in June 2017 to fund these capital projects. In September 2018, \$643,194 of new debt was issued, completing the funding of the 2014 Capital Project Bond Referendum. \$1,862,668 of unspent funding remained in the capital projects fund to complete the projects at June 30, 2020. As part of the 2021 Capital Projects proposition approved by the voters on May 18, 2021, the unspent bond projects were approved to be used to partially fund a traffic redesign, water main replacement and asphalt paving project at the Secondary School. \$755,308 of unspent bond proceeds remains in the capital projects fund for this project.

On May 21, 2019, the voters approved a capital projects proposition for \$5,830,000 to be funded from a transfer from the 2010 Capital Reserve (\$4,924,625), a transfer from general fund unassigned fund balance in 2018-19 (\$811,000) and gifts from the community (\$94,345). The bulk of the projects were completed in Summer 2020 and Summer 2021. \$456,346 remains in the 2010 Capital Reserve for transfer to complete the 2019 capital projects.

On May 18, 2021, the voters approved a transfer to the capital projects fund of \$1,917,685 to complete four capital projects pursuant to the 2021 Capital Projects proposition discussed in Section 4A above. \$1,836,336 remains in the capital projects fund to complete these projects at June 30, 2021.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$24,990,000. The bonds were issued for school building improvements and construction of a library. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Table A-9 Outstanding Bonds

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
2016	5.00%	\$2,265,000	\$3,315,000	(\$1,050,000)
2016	2.00% - 3.00%	5,755,000	6,080,000	(325,000)
2016	3.00% - 3.50%	5,085,000	5,340,000	(255,000)
2017	2.00% - 3.00%	4,575,000	4,810,000	(235,000)
2019	1.75% - 5.00%	495,000	545,000	(50,000)
2019	4.00% - 5.00%	6,815,000	7,490,000	(675,000)
	Total Bonds	<u>\$24,990,000</u>	<u>\$27,580,000</u>	<u>(\$2,590,000)</u>

Principal payments were made in 2020-21 of \$2,590,000 for outstanding bonds.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1. The District's total outstanding indebtedness currently does not exceed its debt limit. The debt limit is 10% of the full valuation of the taxable real property within the District.

Table A-10 Obligations under Energy Performance Debt

Issue Date	Interest Rate	2021	2020	(Decrease)
2012	1.977%	<u>\$799,090</u>	<u>\$1,055,143</u>	<u>(\$256,053)</u>

Principal payments were made in 2020-21 of \$256,053 for the energy performance debt.

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2021-22 general fund budget, the only fund with a legally adopted budget, approved by the voters on May 18, 2021 is \$102,320,176. This is an increase of \$1,660,356 or 1.65% from the previous year's budget. Net contractual compensation increases and additions to staff resulted in a budget increase of 0.73% and an increase in benefit costs resulted in a budget increase of 0.67%. Overall increases in all other components of the budget including transportation and debt service resulted in a budget to budget increase of 0.25%.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The 2021-22 revenue budget increased \$1,660,356 including a 1.60% increase in real property taxes totaling \$1,450,281 and an increase in other revenue of \$210,075, which is net of a reduction in interest income of \$158,975. Assigned fund balance designated to the tax levy is \$724,067.

Chapter 97 of the Laws of 2011 established a property tax levy limit that restricts the amount of property taxes school districts can levy. Commencing with fiscal years that began in 2012 (and made permanent during the 18/19 year), school districts are not authorized to increase its property tax levy by more than 2% or the rate of inflation, whichever is less, based on a multi-step formula. However, certain tax levy limit exclusions may apply. If a school district's proposed tax levy increase is within its limit, a simple majority of voters is needed for budget approval. If the proposed tax levy increase exceeds the tax levy limit, a supermajority of voters, 60% or more, would be required for budget passage. The District's budget put forth to the voters on May 18, 2021 was in compliance with the statutory tax levy limit of 1.60%. The budget was approved by 68.8% of the voters.

On September 24, 2021, the District issued a tax anticipation note for the 2021-2022 school year in the amount of \$12,500,000 maturing on June 23, 2022 and bearing interest at a blended rate of 0.1716%.

On September 14, 2021 the District detected a network service disruption. The District promptly commenced an investigation, notified law enforcement and the State Education Department's Chief Privacy Officer, and deployed a team of IT professionals to methodically determine which specific systems were impacted. It was determined that criminals encrypted the District's computer systems with ransomware. Due to security updates completed by the District's network engineers and IT staff that included network segmentation, the District was able to restore its computer systems from backups. As such, the District did not make any ransom payment to the criminals.

However, the District was notified on October 18, 2021 that the criminals posted certain files to the dark web that they stole from the District. The District will provide direct notification, in accordance with applicable laws, to any individual whose personal information was potentially acquired by these criminals. Direct notification will contain additional information about the incident and describe measures that can be taken to protect affected individuals from identity theft. For those individuals whose social security numbers and/or driver's license numbers were contained in the stolen files the direct notification will also include instructions regarding how to enroll in credit monitoring at no charge to the affected individuals.

The District maintains cybersecurity insurance that will cover most of the expenses related to this cybersecurity attack. However, incremental expenses will be incurred to cover policy deductibles, and the costs of several additional measures to enhance security in an effort to prevent an incident from recurring in the future.

As noted above, the Board of Education has assigned and designated \$925,000 of fund balance to fund unbudgeted expenditures associated with the 2021-2022 COVID-19 Reopening Plan to enhance systems security in the wake of the cybersecurity attack, and will approve budget revisions to the 2021-2022 budget, as warranted.

The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education. The District was allocated \$706,755 of the American Rescue Plan (ARP Act) Elementary and Secondary School Relief (ESSER) funding. The funds have been applied for use in the years 2021-22 and 2022-23. Additionally, the District was previously allocated \$314,465 of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The District plans to use CRRSA funds in the 2021-22 school year. In addition, the District continues to pursue funds from the Federal Emergency Management Agency made available to governmental entities impacted by the COVID-19 pandemic. At this time, the amount of funds that may be recoverable from FEMA is unknown.

8. 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:

Ms. Rosemary Johnson
Deputy Superintendent for Business and Operations
Manhasset Union Free School District
200 Memorial Place
Manhasset, NY 11030

MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	\$9,855,649
Restricted	8,519,349
Receivables	
Taxes receivable	1,753,079
State and federal aid	1,708,404
Due from other governments	883,664
Due from fiduciary funds	1,022,625
Accounts receivable	25,794
Non-current assets	
Capital assets not being depreciated	5,872,155
Capital assets being depreciated, net of accumulated depreciation	<u>69,379,254</u>
TOTAL ASSETS	<u>99,019,973</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	28,850,066
Other postemployment benefits	36,372,438
Deferred charges on library and district debt refunding	<u>161,357</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>65,383,861</u>
LIABILITIES	
Payables	
Accounts payable	3,176,076
Accrued liabilities	597,656
Accrued interest payable	184,381
Due to other governments	352,806
Due to teachers' retirement system	4,740,372
Due to employees' retirement system	465,319
Compensated absences payable	131,634
Collections in advance	21,675
Long-term liabilities	
Due and payable within one year	
Due to employees' retirement system	101,171
Energy performance contract debt payable	261,140
Bonds payable	2,695,000
Workers' compensation claims payable	8,070
Due and payable after one year	
Due to employees' retirement system	517,834
Energy performance contract debt payable	537,950
Bonds payable	22,295,000
Workers' compensation claims payable	15,889
Total other postemployment benefits obligation	194,890,684
Net pension liability - proportionate share	<u>6,942,391</u>
TOTAL LIABILITIES	<u>237,935,048</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	8,899,061
Other postemployment benefits	11,458,571
Premium on library and district debt	<u>1,371,183</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>21,728,815</u>
NET POSITION	
Net investment in capital assets	<u>49,007,800</u>
Restricted	
Repair	279,743
Capital	3,395,802
Debt service	183,700
Scholarships, donations and other	181,384
Extraclassroom activities	<u>342,371</u>
	<u>4,383,000</u>
Unrestricted (deficit)	<u>(148,650,829)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>(\$95,260,029)</u></u>

**MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
FUNCTIONS / PROGRAMS					
General support	(15,621,549)			\$0	(\$15,621,549)
Instruction	(93,960,999)	\$1,182,433	\$1,287,353		(91,491,213)
Pupil transportation	(4,796,783)		67,723		(4,729,060)
Debt service-interest	(751,843)				(751,843)
Food service program	(956,584)	246,647	483,747		(226,190)
Depreciation and loss on disposal (unallocated)	(3,570,744)				(3,570,744)
TOTAL FUNCTIONS AND PROGRAMS	<u>(119,658,502)</u>	<u>\$1,429,080</u>	<u>\$1,838,823</u>	<u>\$0</u>	<u>(\$116,390,599)</u>
GENERAL REVENUES					
Real property taxes					89,540,118
Other tax items - including STAR reimbursement and PILOTs					2,819,138
Use of money and property					24,800
Miscellaneous					489,671
Library debt service reimbursement					1,022,625
State sources					5,480,409
Medicaid reimbursement					15,076
TOTAL GENERAL REVENUES					<u>99,391,837</u>
CHANGE IN NET POSITION					(16,998,762)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					(78,748,351)
PRIOR PERIOD ADJUSTMENT (NOTE 20)					487,084
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED					<u>(78,261,267)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>(\$95,260,029)</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	\$9,192,811	\$210,808	\$452,030				\$9,855,649
Restricted	3,675,545			\$183,659	\$676,762	\$3,983,383	8,519,349
Receivables							
Taxes receivable	1,753,079						1,753,079
State and federal aid	642,635	828,348	137,421			100,000	1,708,404
Due from other governments	883,664						883,664
Due from other funds	2,154,606		62,495	41	21,364	1,974,901	4,213,407
Accounts receivable	25,794						25,794
TOTAL ASSETS	<u>\$18,328,134</u>	<u>\$1,039,156</u>	<u>\$651,946</u>	<u>\$183,700</u>	<u>\$698,126</u>	<u>\$6,058,284</u>	<u>\$26,959,346</u>
LIABILITIES							
Payables							
Accounts payable	\$437,216	\$79,372	\$127,604			\$2,531,884	\$3,176,076
Accrued liabilities	463,613	670	133,373				597,656
Due to other governments	352,806						352,806
Due to other funds	2,057,256	959,114			\$174,371	41	3,190,782
Due to teachers' retirement system	4,740,372						4,740,372
Due to employees' retirement system	465,319						465,319
Compensated absences	131,634						131,634
Collections in advance	21,675						21,675
TOTAL LIABILITIES	<u>8,669,891</u>	<u>1,039,156</u>	<u>260,977</u>	<u>-</u>	<u>174,371</u>	<u>2,531,925</u>	<u>12,676,320</u>
FUND BALANCES							
Restricted							
Repair	279,743						279,743
Capital - 2010	1,216,873						1,216,873
Capital - 2018	2,178,929						2,178,929
Scholarships, donations and other					181,384		181,384
Extraclassroom activities					342,371		342,371
Debt service				\$183,700			183,700
Unspent bond proceeds						755,308	755,308
Assigned							
Appropriated fund balance	240,823						240,823
Unappropriated fund balance	724,067		390,969			2,771,051	3,886,087
Designated for COVID-19 expenditures/cybersecurity	925,000						925,000
Unassigned	4,092,808						4,092,808
TOTAL FUND BALANCES	<u>9,658,243</u>	<u>-</u>	<u>390,969</u>	<u>183,700</u>	<u>523,755</u>	<u>3,526,359</u>	<u>14,283,026</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$18,328,134</u>	<u>\$1,039,156</u>	<u>\$651,946</u>	<u>\$183,700</u>	<u>\$698,126</u>	<u>\$6,058,284</u>	<u>\$26,959,346</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$14,283,026

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$128,008,300	
Accumulated depreciation	<u>(52,756,891)</u>	75,251,409

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other postemployment benefits that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$28,850,066	
Deferred outflows related to total other postemployment be	<u>36,372,438</u>	65,222,504

The Statement of Net Position will amortize the deferred charges on refundings over the life of the bonds. Governmental funds record the deferred charges as an expenditure. 161,357

The Statement of Net Position will amortize the bond premiums received over the life of the bonds. Governmental funds record the bond premiums as revenue. (1,371,183)

Deferred inflows of resources related to pensions and other postemployment benefits will be recorded on the Statement of Net Position and amortized as a reduction of expense in future years.

Deferred inflows related to pensions	(\$8,899,061)	
Deferred inflows related to total other postemployment ben	<u>(11,458,571)</u>	(20,357,632)

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of: (184,381)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Due to employees retirement system	(\$619,005)	
Energy performance contract debt payable	(799,090)	
Bonds payable	(24,990,000)	
Workers' compensation claims payable	(23,959)	
Total other postemployment benefits obligation	(194,890,684)	
Net pension liability - proportionate share (ERS/TRS)	<u>(6,942,391)</u>	(228,265,129)

Total Net Position (\$95,260,029)

MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
REVENUES							
Real property taxes	\$ 89,540,118						\$ 89,540,118
Other tax items - including STAR reimbursement and PILOTs	2,819,138						2,819,138
Charges for services	1,182,433						1,182,433
Use of money and property	24,020		\$ 227	\$ 553			24,800
Sale of property and compensation for loss							-
Miscellaneous	273,833				\$ 215,838		489,671
Library debt service reimbursement	1,022,625						1,022,625
State sources	5,590,117	\$ 397,316	17,818				6,005,251
Medicaid reimbursements	15,076						15,076
Federal sources	60,211	897,549	465,929				1,423,689
Sales			246,647				246,647
TOTAL REVENUES	<u>100,527,571</u>	<u>1,294,865</u>	<u>730,621</u>	<u>553</u>	<u>215,838</u>	<u>-</u>	<u>102,769,448</u>
EXPENDITURES							
General support	11,813,818				179,167		11,992,985
Instruction	56,930,537	1,451,533					58,382,070
Pupil transportation	4,615,094	67,723					4,682,817
Employee benefits	22,946,036						22,946,036
Debt service - principal				2,846,053			2,846,053
Debt service - interest	48,640			983,345			1,031,985
Cost of sales			894,474				894,474
Capital outlay			81,164			4,450,278	4,531,442
TOTAL EXPENDITURES	<u>96,354,125</u>	<u>1,519,256</u>	<u>975,638</u>	<u>3,829,398</u>	<u>179,167</u>	<u>4,450,278</u>	<u>107,307,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,173,446</u>	<u>(224,391)</u>	<u>(245,017)</u>	<u>(3,828,845)</u>	<u>36,671</u>	<u>(4,450,278)</u>	<u>(4,538,414)</u>
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		224,391	1,129	3,829,398		5,614,530	9,669,448
Operating transfers (out)	(9,669,448)						(9,669,448)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(9,669,448)</u>	<u>224,391</u>	<u>1,129</u>	<u>3,829,398</u>	<u>-</u>	<u>5,614,530</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(5,496,002)</u>	<u>-</u>	<u>(243,888)</u>	<u>553</u>	<u>36,671</u>	<u>1,164,252</u>	<u>(4,538,414)</u>
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (See Note 20)	<u>15,154,245</u>	<u>-</u>	<u>634,857</u>	<u>183,147</u>	<u>487,084</u>	<u>2,362,107</u>	<u>18,821,440</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,658,243</u>	<u>\$ -</u>	<u>\$ 390,969</u>	<u>\$ 183,700</u>	<u>\$ 523,755</u>	<u>\$ 3,526,359</u>	<u>\$ 14,283,026</u>

MANHASSET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances (4,538,414)

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

Long-Term Revenue and Expense Differences

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable from June 30, 2020 to June 30, 2021 changed by: (5,557)

Changes in the proportionate share of net pension asset/liability, and total other postemployment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	(\$5,228,197)	
Employees' retirement system	433,605	
Other postemployment benefits	(12,690,446)	(17,485,038)

Due to COVID-19, a portion of aid from New York State may be received more than 180 days after June 30, 2021. Such revenue is not recognized in the governmental funds but is recognized as revenue in the Statement of Activities (109,708)

Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and show in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$5,506,101	
Depreciation expense and loss on disposals	(3,570,745)	1,935,356

Long-Term Debt Transactions

The deferral of pension expense pursuant to the Stabilization Contribution Option is expensed in the Statement of Activities and the long-term liability recognized in the Statement of Net Position.

Employees' Retirement System Contribution Stabilization Program	78,403
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,590,000

Repayment of energy performance debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 256,053

Governmental funds may report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization for the fiscal year ended June 30, 2021 was: 239,811

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due requiring the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by: 40,332

Change in Net Position (16,998,762)

**MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Custodial Fund</u>
ASSETS	
Due from other government	\$ 1,022,625
TOTAL ASSETS	<u>\$ 1,022,625</u>
 LIABILITIES	
Due to other funds	\$ 1,022,625
TOTAL LIABILITIES	<u>\$ 1,022,625</u>
 NET POSITION	
Restricted	-
TOTAL NET POSITION	<u>\$ -</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial Fund
ADDITIONS	
Taxes collected on behalf of other governments	\$ 5,403,412
TOTAL ADDITIONS	\$ 5,403,412
DEDUCTIONS	
Taxes paid to other governments	\$ 5,403,412
TOTAL DEDUCTIONS	\$ 5,403,412
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Manhasset Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the “Board”) 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 authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. 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.

B) Joint venture:

The District is one of 56 component school districts in the Nassau Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares 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 component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and

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elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§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 New York State General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

i) District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column includes capital specific grants, if applicable.

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) 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 governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges participants for its services.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Miscellaneous Special Revenue Fund: This fund is used to account for the activity of the extraclassroom activity funds operated by and for the students of the District, other activities as well as funds collected for scholarships for students.

The District reports the following fiduciary funds:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian 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 District has the following fiduciary fund:

Custodial Fund: This fund accounts for real property taxes collected on behalf of other governments and disbursed to other governments.

D) Measurement focus and basis of accounting:

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, 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 grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method,

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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, net pension liability, and other postemployment benefits obligations, 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:

i) Calendar:

Real property taxes for the District are levied annually by Nassau County at the request of the Board of Education and are collected by the Town of North Hempstead tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. Taxes are collected during the period 2020-2021.

ii) Enforcement:

Uncollected real property taxes are subsequently enforced by Nassau County (the "County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

iii) Long Island Power Authority PILOT payments

Prior to September 2015 certain LIPA properties were assessed and taxed each year by Nassau County in the same manner as other taxable property. Thereafter, Nassau County reclassified certain LIPA property taxes as PILOTs (Payments In Lieu of Taxes), ostensibly in accordance with the LIPA Reform Act of 2013. In 2020-2021 revenue from other tax items includes \$1,611,769 in LIPA PILOTs.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted Net Position 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.

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

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of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-Wide Financial 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 may be 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) 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, liabilities and deferred inflows and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, workers' compensation claims, net pension liabilities, potential contingent liabilities and useful lives of capital assets.

Under GASB Statement No. 68, the District must record its proportionate share of pension assets and liabilities, for the TRS and ERS, even though the District has no access to the assets nor does the District manage, invest or control them in any way. The pension systems are mandated cost-sharing, multiple employer retirement systems for public employees in New York State managed by their own governing boards. The assets, net of related liabilities allocated to the District were provided by each pension system to the District, and the underlying assumptions and other information reported by these systems are included in Note 14 to these financial statements. The value of the pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year, and over which the District also has no control. The District has no proportionate share of pension assets at June 30, 2021.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits.

Certain cash balances are restricted by various legal and contractual obligations, such as reserves established pursuant to state law and debt agreements.

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J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items as of June 30, 2021.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions when the information is available, or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods (except for land and construction in progress), and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & Building Improvements	\$1,500	Straight-line	50 years
Furniture & Equipment	\$1,500	Straight-line	5-20 years
Site Improvements	\$1,500	Straight-line	20 years

M) Deferred outflows of resources:

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred outflow of resources (deferred charge) can result from the excess of the reacquisition price of old debt over its net carrying amount. This amount, when material, is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District reported \$161,356, as deferred outflows of resources at June 30, 2021 related to the refunding of library and District debt, as further detailed in Note 10, a net decrease of \$63,006 over the prior year.

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As detailed in Note 14, pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, the District reported \$28,850,066 of deferred outflows of resources at June 30, 2021 related to pensions, an increase of \$3,697,552 over the prior year. The District reported deferred outflows of resources related to other postemployment benefits of \$36,372,438 at June 30, 2021. This was a decrease of \$6,815,354 from the prior year.

N) Deferred inflows of resources:

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District reported deferred inflows of resources of \$1,371,183 of bond premiums on library and District debt refunding, a decrease of \$302,817 over the prior year.

Pursuant to the implementation of GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, the District also reported \$11,458,571, as deferred inflows of resources at June 30, 2021 related to other postemployment benefits, detailed further in Note 16, an increase of \$2,231,115 over the prior year.

As detailed in Note 14, pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the District reported \$8,899,061 of deferred inflows of resources related to pensions reported in the District-Wide Statement of Net Position, a net decrease of \$209,971 from the prior year.

O) Vested employee benefits:

Compensated absences:

Compensated absences consist of unused vacation time.

Certain District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, 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 July 1, 2021.

In the Funds Financial 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.

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P) Other benefits:

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's full-time employees may become 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 District-wide financial statements, the cost of post-employment health insurance is recognized on the accrual basis of accounting in accordance with GASB Statement No.75.

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.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the 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 dated. See Note 12 for further detail.

R) Payables, 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 in a timely manner and in full, from current financial resources. Claims and judgments, compensated absences, net pension liability, and other postemployment benefit obligations 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. Bonds and

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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 within one year or due after one year in the Statement of Net Position.

S) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial 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 acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

Restricted net position - reports net position when constraints placed on the assets 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.

ii) Funds Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2021, the District did not have any items of nonspendable fund balance.

Restricted fund balance – 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 classified the following as restricted:

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Repair Reserve

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Capital Reserve

Capital reserve (Education Law §3651) is 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. The reserve is accounted for in the general fund and the capital projects fund.

Debt Service

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent Bond Proceeds

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

Extraclassroom Activities, Scholarships, Donations, and Other Miscellaneous Special Revenues

Amounts restricted for extraclassroom, scholarships, donations, and other miscellaneous special revenues are used to account for the activity of the extraclassroom activity funds operated by and for the students of the District, as well as for funds donated for scholarships, awards, and other programs. These restricted funds are accounted in the Miscellaneous Special Revenue fund.

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Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2021.

Assigned fund balance – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year. The Board has assigned and designated \$925,000 of unassigned fund balance at June 30, 2021 for the specific purpose of covering expenses in 2021-2022 associated with the COVID-19 pandemic and the cybersecurity attack. These unanticipated expenses were not provided for in the general fund budget for 2021-2022.

Unassigned fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the 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 included in assigned fund balance are also excluded from the 4% limitation. At June 30, 2021, the Board designated \$925,000 of unassigned fund balance as assigned for expenses associated with the COVID-19 pandemic and the cybersecurity attack in 2021-2022. This represents 0.90% of the 2021-2022 general fund budget. The unassigned fund balance of \$4,092,808 is 4% of the 2021-2022 general fund budget. When combined, these components of fund balance are 4.90%, above the permissible 4% statutory maximum.

iii) Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board of Education.

iv) Order of Use of Fund Balance

If an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), the Board of

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Education will assess the financial condition of the District to determine the order of application of expenditures to which fund balance will be charged.

T) New accounting pronouncements:

GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, for the fiscal year ended June 30, 2021. See Note 20 for further consideration.

U) Future accounting pronouncements:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of three of broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses

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arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial 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.

iv) Pension and other postemployment benefits differences:

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and 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 differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

NOTE 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 approve the proposed appropriation budget for the general fund. Budgets are adopted annually on a basis consistent with GAAP. Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Appropriations authorized for the year

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are increased by the amount of encumbrances carried forward from the prior year. 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.

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

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of 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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in 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.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by the depository insurance and the deposits are either:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution in the District's name; or

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

All of the District's aggregate bank balances, are covered by depository insurance, and are not exposed to custodial credit risk as described above at year end.

Restricted Cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as June 30, 2021 included \$8,519,349 within the governmental funds for general fund reserves, debt service, capital project purposes, extraclassroom activities, other activities and scholarships and donations.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed \$3,328,709 for BOCES administrative and program costs. The District's share of BOCES aid totaled \$676,997. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road Garden City, NY 11530-9195.

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NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2021 consisted of the following:

General Fund	
Excess cost aid	\$311,322
ICF and CRP aid	\$292,074
Federal aid-CARES	39,239
Total - General Fund	<u>642,635</u>
Special Aid Fund	
State aid	153,807
Federal aid	674,541
Total - Special Aid Fund	<u>828,348</u>
School Lunch Fund	
Federal reimbursement	137,421
Total - School Lunch Fund	<u>137,421</u>
Capital Projects Fund	
State Aid	<u>100,000</u>
Total - All Funds	<u>\$1,708,404</u>

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS AND TAXES RECEIVABLE:

Due from other governments and taxes receivable in the general fund at June 30, 2021 consisted of the following:

Taxes Receivable:	
Nassau County- real property taxes	<u>\$1,753,079</u>
Total Taxes Receivable	<u>\$1,753,079</u>
Due from Other Governments:	
Other districts- charges for services	\$640,695
BOCES- share of state aid	242,969
Total Due from Other Governments	<u>\$883,664</u>

District management has deemed these amounts to be fully collectible.

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NOTE 8 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,421,877			\$1,421,877
Construction in progress	1,340,249	\$4,450,278	(\$1,340,249)	4,450,278
Total capital assets not being depreciated	<u>2,762,126</u>	<u>4,450,278</u>	<u>(1,340,249)</u>	<u>5,872,155</u>
Capital assets being depreciated:				
Building & building improvements	106,474,823	158,421	1,337,449	107,970,693
Furniture and equipment	13,591,784	897,402	(560,756)	13,928,430
Site improvement	237,022			237,022
Total capital assets being depreciated	<u>120,303,629</u>	<u>1,055,823</u>	<u>776,693</u>	<u>122,136,145</u>
Less accumulated depreciation:				
Building & building improvements	39,532,698	2,528,971	2,800	42,064,469
Furniture and equipment	9,979,982	993,942	(518,524)	10,455,400
Site improvement	237,022			237,022
Total accumulated depreciation	<u>49,749,702</u>	<u>3,522,913</u>	<u>(515,724)</u>	<u>52,756,891</u>
Total capital assets being depreciated, net	<u>70,553,927</u>	<u>(2,467,090)</u>	<u>1,292,417</u>	<u>69,379,254</u>
Capital assets, net	<u>\$73,316,053</u>	<u>\$1,983,188</u>	<u>(\$47,832)</u>	<u>\$75,251,409</u>
Depreciation expense and loss on disposals (unallocated)				<u>\$3,570,745</u>

During the fiscal year ended June 30, 2021, \$4,450,278 of costs were incurred for construction in progress in the capital projects fund. Additionally, \$1,055,823 was incurred for building & building improvements, purchases of capitalized furniture and equipment in the general fund and the school lunch fund.

Depreciation expense of \$3,522,913 and net loss on disposals of \$47,832 were not allocated to the governmental functions.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically transfers from the general fund to the capital projects fund to finance capital construction projects. The District typically transfers from the general fund to the special aid fund to fund the District's share of costs for the summer program for students with disabilities required by New York State law and to fund the State Supported Section 4201 schools. The District typically transfers from the general fund to the debt service fund to fund the District's annual debt service requirements. The District typically transfers funds from the general fund to the school lunch fund to cover the costs of providing free and reduced subsidies to secondary school students who qualify. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

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Interfund balances at June 30, 2021 and interfund activity for the fiscal year ended June 30, 2021 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	2,154,606	\$2,057,256		\$9,669,448
Special aid fund		959,114	\$224,391	
School lunch fund	62,495		1,129	
Debt service fund	41		3,829,398	
Miscellaneous special revenue fund	21,364	174,371		
Capital projects fund	1,974,901	41	5,614,530	
Total government activities	4,213,407	3,190,782	9,669,448	9,669,448
Custodial fund	-	1,022,625		
Totals	<u>\$4,213,407</u>	<u>\$4,213,407</u>	<u>\$9,669,448</u>	<u>\$9,669,448</u>

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

The approved budget of the Manhasset Public Library for the fiscal year 2020-2021 authorized a tax levy of \$5,403,412. In certifying the amount of taxes to be levied on behalf of the Library, the District omitted the sum of \$1,022,625, due to a clerical error. To correct the error and enable the Library to fund its approved budget, the District advanced the shortfall to the Library in 2020-2021. On May 18, 2021, the voters approved an incremental Library tax levy of \$1,022,625 to reimburse the funds advanced by the District. The receivable is reflected in the general fund, payable by the Custodial Fund upon receipt of the incremental tax levy.

NOTE 10 – DEFERRED OUTFLOWS OF RESOURCES-LIBRARY AND DISTRICT REFUNDING:

As of June 30, 2021, the deferred charges pertaining to the 2016 district and 2019 library bond refunding's as recorded in the District-Wide Financial Statements as a deferred outflows of resources – library and district refunding were:

Deferred charges- 2016 district debt refunding, net	\$82,423
Deferred charges- 2019 library refunding, net	78,934
Total deferred charges on library and district refunding, net	<u>\$161,357</u>

The deferred charges on the 2019 library debt refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the refunded bonds, at the point of refunding. The deferred charges on the 2016 District debt refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 80 months, the time to maturity of the refunded bonds, at the point of refunding. Amortization of deferred charges is included as a component of interest expense in the District-Wide Financial

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Statements. Deferred outflows and inflows are derived from the District’s refunding in prior years of outstanding debt, wherein the net benefit of \$674,283 (library) and \$484,982 (district) on a present value basis derived by the District is to be realized over the life of the respective debt.

NOTE 11 – DEFERRED INFLOWS OF RESOURCES-LIBRARY AND DISTRICT DEBT:

As of June 30, 2021, the deferred inflows of resources pertaining to the 2016 district and 2019 library refunding’s bond issuance as recorded in the District-Wide Financial Statements were:

Bond premium 2016 district refunding, net	\$235,595
Bond premium 2016 bond issuance, net	48,825
Bond premium 2019 library refunding, net	<u>1,086,763</u>
	<u><u>\$1,371,183</u></u>

The premium on refunding of library debt is being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the library refunded bonds, at the point of refunding. The premiums on the 2016 issuance and the 2016 refunding of district debt are being amortized on the District-Wide Financial Statements using the straight-line method over 120 months for the bond issuance and 80 months for the bond refunding, the time to maturity of the district refunded bonds, at the point of refunding. Amortization is included as a component of interest expense in the District-Wide Financial Statements.

NOTE 12 - SHORT-TERM DEBT – TAX ANTICIPATION NOTES

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	10/29/2020	0.81%	<u>\$ 6,100,000</u>		<u>\$ 6,100,000</u>	<u>\$ -</u>
Total			<u><u>\$ 6,100,000</u></u>	<u>\$ -</u>	<u><u>\$ 6,100,000</u></u>	<u><u>\$ -</u></u>

The District issues Tax Anticipation Notes (TAN) in anticipation of the receipts of real property taxes from Nassau County in the general fund. Interest on short term debt for 2020-2021 TAN that matured on October 20, 2020 was \$48,640.

Interest on short-term debt for the year was comprised of:

	<u>Total</u>
Interest paid	\$48,640
Less interest accrued in the prior year	(4,554)
Total interest expense on short-term debt	<u><u>\$44,086</u></u>

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt					
School construction serial bonds	\$20,090,000		(\$1,915,000)	\$18,175,000	\$1,985,000
Library construction serial bonds	7,490,000		(675,000)	6,815,000	710,000
Energy performance contract	1,055,143		(256,053)	799,090	261,140
Other long-term liabilities					
Due to ERS-Stabilization					
Contribution option *	697,408		(78,403)	619,005	101,171
Claims payable ***	18,402	5,557		23,959	8,070
Total other postemployment benefits obligation **	186,784,477	\$8,106,207		194,890,684	
Net pension-proportionate share *	4,783,980	2,158,411		6,942,391	
Total long-term liabilities	<u>\$220,919,410</u>	<u>\$10,270,175</u>	<u>(\$2,924,456)</u>	<u>\$228,265,129</u>	<u>\$3,065,381</u>

* See Note 14 ** See Note 16 *** See Note 17

The general fund has typically been used to liquidate long-term liabilities such as the current portion of other postemployment benefits obligation, bonds payable, energy performance contract debt, workers' compensation, net pension liabilities, and amounts due to retirement systems under the Pension Stabilization Contribution Option.

A) Bonds Payable:

Bond's payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
School construction	2016	2023	5%	\$2,265,000
School construction	2016	2036	2.00% - 3.00%	5,755,000
School construction	2016	2037	3.00% - 3.50%	5,085,000
School construction	2017	2037	2.00% - 3.00%	4,575,000
School construction	2019	2030	1.75% - 5.00%	495,000
Library construction	2019	2029	4.00% - 5.00%	6,815,000
			Total	<u>\$24,990,000</u>

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The following is a summary of debt service requirements for bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,695,000	\$ 856,194	\$ 3,551,194
2023	2,805,000	742,669	3,547,669
2024	1,690,000	624,169	2,314,169
2025	1,755,000	561,419	2,316,419
2026	1,825,000	496,869	2,321,869
2027-2031	7,915,000	1,544,813	9,459,813
2032-2036	5,560,000	619,334	6,179,334
2037	745,000	17,413	762,413
	<u>\$24,990,000</u>	<u>\$5,462,880</u>	<u>\$30,452,880</u>

Upon default of the payment of principal or interest on the serial bonds, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance and apply the amount withheld to the payment of the defaulted principal or interest.

B) Energy Performance Contract Debt:

Energy performance contract debt is comprised of the following:

<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2021</u>
6/15/2012	6/15/2024	1.977%	\$799,090
			<u>\$799,090</u>

The following is a summary of debt service requirements for energy performance contract debt:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$261,140	\$14,514	\$275,654
2023	266,329	9,325	275,654
2024	271,621	4,034	275,655
	<u>\$799,090</u>	<u>\$27,873</u>	<u>\$826,963</u>

The energy performance contract debt is a master lease purchase agreement. Payments for the year included \$256,053 of principal and \$19,601 of interest.

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C) Long-Term Interest:

Interest on long-term debt for the year was composed of:

Interest paid	\$983,345
Less accrued interest in the prior year	(220,159)
Plus accrued interest in the current year	184,381
Plus amortization on deferred charges less premiums on library and District debt	<u>(239,810)</u>
Total interest expense on long-term debt	<u><u>\$707,757</u></u>

NOTE 14 – PENSION PLANS:

A) General information:

The District participates in the New York State Employees’ Retirement System (NYSERS) (the “System”) and the New York State Teachers’ Retirement System (NYSTRS) (the “System”). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B) Provisions and administration:

i) Teachers’ Retirement System

The New York State Teachers’ Retirement Board administers NYSTRS. The System provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

ii) Employees’ Retirement System

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or accessed at www.osc.state.ny.us/retire/publications/index.php.

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C) Funding policies:

The Systems are noncontributory for the employee who joined the Systems prior to July 27, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined on or after January 1, 2010 and before April 1, 2012 employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers (actuarially required contributions or ARCs) to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The ARC for the NYSTRS for 2020-21 was 9.53%. All required contributions are fully funded by the District when due.

The average ARC for the NYSERS for support personnel was 14.03% in 2020-21, 14.12% in 2019-20, 14.61% of member payroll in 2018-19, 14.93% of member payroll in 2017-18, 15.18% of member payroll in 2016-17, 17.99% of member payroll in 2015-16, 19.24% of member payroll in 2014-15, 20.31% of member payroll in 2013-14, 18.9% of member payroll in 2012-13, 16.3% in 2011-12, 11.2% in 2010-11 and 7% in 2009-10.

The increases in and sustained higher level of contribution rates reflected the impact of cumulative market losses on plan investments spread over a rolling 5-year period. The lower contribution rates over the last three years reflect the incorporation of positive market returns over a rolling five-year period.

The District's contributions made to the Systems prior to 2013-14 were equal to 100% of the contributions required for each year. In Spring 2013, the governing entity for NYSERS approved a Stable Contribution Option ("SCO") that gives districts the ability to better manage the spikes in ARCs. The plan allows districts to pay the ARC amount or to opt into the SCO.

Under the NYSERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, election to opt into the plan is permanent. However, the District can choose not to defer payment in any given year. Interest is based on comparable duration U.S. Treasury securities, plus 1%.

The District opted into the NYSERS SCO in 2013-14, and fully paid off in 2015-16, the balance due for amounts deferred in 2013-14 under the NYSERS SCO. This represented an accelerated repayment by the District.

The District opted into the NYSERS SCO in 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 and deferred \$453,573, \$293,366, \$118,704, \$95,586 and \$28,937 respectively,

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net of amortizations and timing differences. The total amount deferred under the NYSERS SCO at June 30, 2021 is \$619,005, reflecting the net remaining balances deferred in 2014-15, through 2018-19. The District will annually evaluate its deferral options under the NYSERS SCO.

The required contributions for the current year and three preceding years were:

	Required Contributions NYSERS	NYSERS
2020 - 2021	\$1,249,795	(\$619,005)
2019 - 2020	\$1,126,894	(\$697,408)
2018 - 2019	\$1,167,632	(\$773,277)
2017 - 2018	\$1,057,595	(\$812,008)
2016 - 2017	\$988,469	(\$781,735)

D) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Related to Pensions:

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on an actuarially determined projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Net pension asset/(liability)	\$ (17,986)	\$ (6,924,405)
District's portion of the Plan's total net pension asset/(liability)	0.0180632%	0.250587%
Change in proportion since prior Measurement date	(0.0000028)	(0.0012870)

The District has no access to the pension systems' net assets nor does the District manage, invest or control them in any way. The value of the assets, net of liabilities, depends upon changing market fluctuations over which the District also has no control. The value of the pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$9,431,773 for TRS and a pension expense of \$715,021 for ERS. At June 30, 2021, the

**MANHASSET UNION FREE SCHOOL DISTRICT
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District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 219,661	\$ 6,067,165	-	\$ 354,862
Net difference between projected and actual earnings on pension plan investments	-	4,522,244	5,166,717	-
Changes of assumptions	3,307,091	8,757,761	62,373	3,121,684
Changes in proportion and differences between the District's contributions and proportionate share of contributions	658,841	649,216	30,516	162,909
District's contributions subsequent to the measurement date	465,319	4,202,768		
	<u>\$ 4,650,912</u>	<u>\$ 24,199,154</u>	<u>\$ 5,259,606</u>	<u>\$ 3,639,455</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, based on reports provided by the Systems, as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2021		2,806,523
2022	(55,868)	5,554,299
2023	76,835	4,607,800
2024	(163,758)	2,860,376
2025	(931,215)	189,970
Thereafter		337,962
	<u>\$ (1,074,006)</u>	<u>\$ 16,356,930</u>

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. The actuarial valuations used the following actuarial assumptions:

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.50%	4.72% - 1.90%
Cost of living adjustments	2.50%	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2018 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 in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2021		June 30, 2020	
	<u>Target</u>	<u>Long-term expected</u>	<u>Target</u>	<u>Long-term expected</u>
<u>Asset type</u>	<u>Allocation</u>	<u>real rate of return</u>	<u>Allocation</u>	<u>real rate of return</u>
Domestic equity	32%	4.05%	33%	7.10%
International equity	15%	6.30%	16%	7.70%
Global equity			4%	7.40%
Private equity	10%	6.75%	8%	10.40%
Real estate	9%	4.95%	11%	6.80%
Opportunistic/Absolute return strategy	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Fixed income	23%	0.00%		
Cash	1%	0.50%		
Domestic fixed income securities			16%	1.80%
Global bonds			2%	1.00%
High-yield bonds			1%	3.90%
Private debt			1%	5.20%
Real estate debt			7%	3.60%
Cash equivalents			1%	0.70%
	100%		100%	

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

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	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$4,992,286)</u>	<u>(\$17,986)</u>	<u>\$4,569,483</u>
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$43,739,082)</u>	<u>(\$6,924,405)</u>	<u>\$23,972,438</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement dates	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan Fiduciary Net Position	<u>220,580,583</u>	<u>120,479,505</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	99.95%	97.76%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$465,319 and reflects the contribution rate of 14.23%. In addition, provision is made in payables for amortization payments due under the ERS SCO of \$101,171.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$4,740,372.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax sheltered annuities:

The District has adopted a 403(b)-plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$61,365 and \$2,824,784 respectively.

B) Deferred compensation plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$526,610.

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Benefits are provided through the New York State Health Insurance Program (NYSHIP). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 76% and 100% of premiums for retirees, depending on the coverage selected and date of retirement.

Funding Policy

The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District and retirees contributed an estimated \$4,667,969 to the Plan, including \$4,667,969 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Employees Covered by Benefit Terms

At July 1, 2021, the following employees and inactive employees, including beneficiaries, were covered by the benefit terms:

Inactive employees and beneficiaries currently receiving benefit payments	382	
Active employees	426	
	Total	808

B) Total OPEB Liability:

The District's Total OPEB Liability of \$194,890,684 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%	
Discount rate	2.16%	
Healthcare cost trend rates	In 2019, 8.0% for non-medicare, 5.00% for medicare, decreasing to an ultimate rate of 5.0% in 2025, and later years	
Retirees' share of benefit-related costs	0% to 24% of health insurance premiums for retirees, and 100% of surviving spouse coverage	

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The assumed discount rate was changed from 2.21% at June 30, 2020 to 2.16% at June 30, 2021.

Mortality rates for ERS members were based on Scale MP-2019 after base year 2014. Mortality rates for TRS members were based on Scale MP-2019 after base year 2014.

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

C) Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 186,784,477
Changes for the fiscal year:	
Service cost	6,821,857
Interest	4,227,401
Differences between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	1,724,918
Benefit payments	<u>(4,667,969)</u>
Net changes	<u>8,106,207</u>
Balance at June 30, 2021	<u><u>\$ 194,890,684</u></u>

The assumed discount rate was changed from 2.21% at June 30, 2020 to 2.16% at June 30, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$234,563,912</u>	<u>\$194,890,684</u>	<u>\$164,201,225</u>

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 are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$159,505,357</u>	<u>\$194,890,684</u>	<u>\$242,379,311</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$17,358,415. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (457,138)	\$ 7,128,380
Changes of assumptions or other inputs	<u>(35,915,300)</u>	<u>4,330,191</u>
	<u>\$ (36,372,438)</u>	<u>\$ 11,458,571</u>

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

Fiscal Year ended June 30:	
2022	\$ 6,309,157
2023	6,309,157
2024	6,309,157
2025	6,309,157
2026	1,153,027
Thereafter	<u>(1,475,788)</u>
Total	<u>\$ 24,913,867</u>

NOTE 17 – RISK MANAGEMENT:

A) General:

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

B) Consortiums and Self-Insured Plans:

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool. The

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

In the general fund, encumbrances are assigned to buildings and grounds primarily for repairs and maintenance projects at all three buildings, instructional materials, and instructional technology equipment and related expenses.

At June 30, 2021, encumbrances in the special aid and capital projects funds were \$80,342 and \$2,598,870, respectively.

C) 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.

D) Litigation:

The District has received notices of claim and is involved in lawsuits, both arising from the normal conduct of its affairs. These matters are in various stages of the litigation process or are being appealed. Certain lawsuits may seek damages in excess of insurance coverage in place at the time or may not covered by insurance. The District has established accrued liabilities for use in the event of an adverse outcome of these matters, in accordance with the Governmental Accounting Standards Board Statement No. 62, Paragraph 100. In the opinion of the District, there are no material claims which, if ultimately determined against the District, would have an adverse material effect on the financial condition of the District in the current year.

E) Leases:

The District leases equipment under non-cancelable leases. Rental, purchase option and extra print expense for the year was \$196,618. The minimum remaining lease payments are as follows:

Fiscal Year Ended June 30,	Total
2022	190,779
2023	190,779
2024	3,701
Total Lease Payments	\$385,259

NOTE 19 - TAX ABATEMENTS:

The Town of North Hempstead, under the authority of Section 577 of New York Private Housing Finance Law, entered into property tax abatement programs with various housing development fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The Districts tax abatement information was not available at the time of financial statement publishing. The District received Payments in Lieu of Tax (PILOT) payments totaling \$31,019 for these programs during the fiscal year.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District also received PILOT payments from the County related to the Long Island Power Authority. These PILOT payments are not considered tax abatements as the purpose of this agreement was not to abate taxes.

NOTE 20 – RESTATEMENT OF FUND BALANCES / NET POSITION

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in reporting changes in current assets and other assets and other liabilities. The District’s net fund balance and net position have been restated as follows:

	<u>General Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Extraclassroom Activities Fund</u>	<u>Scholarships Fund</u>	<u>Statement of Net Position</u>
Fund Balance/Net Position					
Beginning of Year, as Reported	\$ 15,154,245				\$ (78,748,351)
Assets					
Cash	\$ 437,463	\$ 18,847	\$ 328,036	\$ 126,184	\$ 910,530
Other receivables	14,810			107	14,917
Due from Fiduciary Fund	(77,593)		670	13,240	(63,683)
	<u>374,680</u>	<u>18,847</u>	<u>328,706</u>	<u>139,531</u>	<u>861,764</u>
Liabilities					
Due to Fiduciary Fund					
Other Liabilities	374,680				374,680
	<u>374,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,680</u>
Fund Balance/Net Position					
Restricted		18,847	328,706	139,531	487,084
Assigned, unappropriated					
Unrestricted					-
	<u>-</u>	<u>18,847</u>	<u>328,706</u>	<u>139,531</u>	<u>487,084</u>
Fund Balance/Net Position					
Beginning of Year, as Restated	<u>\$ 15,154,245</u>	<u>\$ 18,847</u>	<u>\$ 328,706</u>	<u>\$ 139,531</u>	<u>\$ (78,261,267)</u>

NOTE 21 – SUBSEQUENT EVENTS:

On September 24, 2021, the District issued a tax anticipation note for the 2021-2022 school year in the amount of \$12,500,000 maturing on June 23, 2022 and bearing interest at a blended rate of 0.1716% to manage cash flow until substantive payments of real property taxes are received from Nassau County.

On March 11, 2020 the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic, due to the rapid increase in global exposure. COVID-19 interrupted District operations and financial performance in 2020-2021 and will continue to do so in 2021-2022. The

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

future performance both operationally and financially will depend upon the duration and spread of the disease, the effect on students, employees, residents, and vendors, as well as federal and state funding, all of which remain uncertain. In addition, the District has and will continue to incur expenses related to the 2021-2022 COVID-19 Reopening Plan, as discussed in Note 1 (s)(ii).

On September 14, 2021 the District detected a network service disruption. The District promptly commenced an investigation, notified law enforcement and the State Education Department's Chief Privacy Officer, and deployed a team of IT professionals to methodically determine which specific systems were impacted. It was determined that criminals encrypted the District's computer systems with ransomware. Due to security updates completed by the District's network engineers and IT staff that included network segmentation, the District was able to restore its computer systems from backups. As such, the District did not make any ransom payment to the criminals.

However, the District was notified on October 18, 2021 that the criminals posted certain files to the dark web that they stole from the District. The District will provide direct notification, in accordance with applicable laws, to any individual whose personal information was potentially acquired by these criminals. Direct notification will contain additional information about the incident and describe measures that can be taken to protect affected individuals from identity theft. For those individuals whose Social Security numbers and/or driver's license numbers were contained in the stolen files the direct notification will also include instructions regarding how to enroll in credit monitoring at no charge to the affected individuals.

The District maintains cybersecurity insurance that will cover most of the expenses related to this cybersecurity attack. However, incremental expenses will be incurred to cover policy deductibles, and the costs of several additional measures to enhance security in an effort to prevent an incident from recurring in the future.

As such, the Board of Education has assigned and designated \$925,000 of fund balance to fund unbudgeted expenses associated with the 2021-2022 COVID-19 Reopening Plan and to enhance systems security in the wake of the cybersecurity attack and will approve budget revisions in the 2021-2022 budget, as warranted.

SUPPLEMENTARY INFORMATION

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$89,521,076	\$89,521,076	\$89,540,118	\$19,042
Other tax items, including STAR reimb. and PILC	2,761,182	2,761,182	2,819,138	57,956
Charges for services	1,103,359	1,103,359	1,182,433	79,074
Use of money & property	242,436	242,436	24,020	(218,416)
Sale of property and compensation for loss				-
Miscellaneous	189,489	189,489	273,833	84,344
Library debt service reimbursement	1,022,625	1,022,625	1,022,625	-
				-
State Sources				
Basic formula	3,933,180	3,933,180	3,869,260	(63,920)
Lottery aid			113,192	113,192
BOCES aid	614,506	614,506	676,997	62,491
Tuition for students with disabilities	189,496	189,496	511,142	321,646
Textbook aid	285,905	285,905	202,710	(83,195)
Computer software aid	-	-	58,662	58,662
Library A/V loan program aid			24,475	24,475
Other state aid	60,000	60,000	133,679	73,679
				-
Federal Sources				
Grants	-	-	60,211	60,211
Medicaid reimbursements	12,499	12,499	15,076	2,577
TOTAL REVENUES AND OTHER SOURCES	<u>\$99,935,753</u>	<u>\$99,935,753</u>	<u>\$100,527,571</u>	<u>\$591,818</u>
Appropriated fund balance	724,067	724,067		
Appropriated reserves	792,181	10,616,714		
TOTAL REVENUES & APPROPRIATED FUND BALANCE AND RESERVES	<u>\$101,452,001</u>	<u>\$111,276,534</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of education	\$115,571	\$122,893	\$119,725	\$1,581	\$1,587
Central administration	371,015	386,371	369,575		16,796
Finance	1,046,395	1,173,578	1,124,211	43,700	5,667
Staff	1,017,793	1,221,056	1,175,840		45,216
Central services	6,937,398	8,818,627	8,185,403	125,193	508,031
Special items	852,316	844,076	839,064		5,012
Total General Support	<u>10,340,488</u>	<u>12,566,601</u>	<u>11,813,818</u>	<u>170,474</u>	<u>582,309</u>
Instruction					
Administration, and improvement	3,047,982	3,263,664	3,065,941	11,694	186,029
General education	30,205,047	31,382,926 ##	30,384,960	6,690	991,276
Special education	13,413,036	13,095,959	11,949,576		1,146,383
Occupational education	77,500	77,500	45,208		32,292
Summer school	26,776	26,776	2,328		24,448
Instructional media	4,338,077	5,236,490	5,131,671	33,304	71,515
Pupil services	6,808,521	7,044,236	6,350,853	18,661	674,722
Total Instructional	<u>57,916,939</u>	<u>60,127,551</u>	<u>56,930,537</u>	<u>70,349</u>	<u>3,126,665</u>
Pupil transportation	<u>5,212,585</u>	<u>5,211,075</u>	<u>4,615,094</u>		<u>595,981</u>
Employee benefits	<u>23,790,591</u>	<u>23,565,379</u>	<u>22,946,036</u>		<u>619,343</u>
Debt service					
Debt service - interest	82,000	82,000	48,640		33,360
TOTAL EXPENDITURES	<u>97,342,603</u>	<u>101,552,606</u>	<u>96,354,125</u>	<u>240,823</u>	<u>4,957,658</u>
Other Financing Uses					
Transfers to other funds	<u>4,109,398</u>	<u>9,723,928</u>	<u>9,669,448</u>		<u>54,480</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$101,452,001</u>	<u>\$111,276,534</u>	<u>\$106,023,573</u>	<u>\$240,823</u>	<u>\$5,012,138</u>
NET CHANGE IN FUND BALANCES			(5,496,002)		
FUND BALANCES - BEGINNING OF YEAR			<u>15,154,245</u>		
FUND BALANCES - END OF YEAR			<u>\$9,658,243</u>		

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.

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,821,857	\$ 4,291,977	\$ 5,170,461	\$ 5,306,455
Interest	4,227,401	5,451,609	5,149,830	4,769,500
Changes of benefit terms	-	(382,999)	-	-
Differences between expected and actual experience	-	(10,514,786)	51,437	634,882
Changes of assumptions or other inputs	1,724,918	50,862,636	(5,943,927)	-
Benefit payments	<u>(4,667,969)</u>	<u>(4,085,822)</u>	<u>(4,509,369)</u>	<u>(4,752,473)</u>
Net change in Total OPEB Liability	8,106,207	45,622,615	(81,568)	5,958,364
Total OPEB Liability - beginning	<u>186,784,477</u>	<u>141,161,862</u>	<u>141,243,430</u>	<u>135,285,066</u>
Total OPEB Liability - ending	<u><u>\$ 194,890,684</u></u>	<u><u>\$ 186,784,477</u></u>	<u><u>\$ 141,161,862</u></u>	<u><u>\$ 141,243,430</u></u>
Covered-employee payroll	\$ 39,458,941	\$ 38,487,111	\$ 36,046,215	\$ 34,996,325
Total OPEB Liability as a percentage of covered-employee payroll	493.91%	485.32%	391.61%	403.60%

Notes to Schedule:*Trust Assets*

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

Change of Assumption:

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.87% as of June 30, 2019.

The discount rate was 3.58% as of June 30, 2018.

Changes of Benefit Terms

For 2019-2020 the retiree contribution rate for Manhasset Education Association members increased from 23% to 24%

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset (liability)	0.0180632%	0.0180660%	0.0188791%	0.0188249%	0.0185850%	0.0196989%	0.0199034%	0.0199034% **
District's proportionate share of the net pension asset (liability)	\$ (17,986)	\$ (4,783,980)	\$ (1,337,643)	\$ (607,564)	\$ (1,746,287)	\$ (3,161,723)	\$ (672,386)	\$ (899,407) **
District's covered payroll	\$ 7,603,254	\$ 7,766,058	\$ 7,394,693	\$ 7,467,050	\$ 7,161,106	\$ 6,802,586	\$ 6,421,165	\$ 6,398,909
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	0.24%	61.60%	18.09%	8.14%	24.39%	46.48%	10.47%	14.06%
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20% **
NYSTRS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset (liability)	0.250587%	0.251874%	0.257382%	0.260177%	0.265540%	0.260418%	0.255969%	0.266982% **
District's proportionate share of the net pension asset (liability)	\$ (6,924,405)	\$ 6,543,704	\$ 4,654,155	\$ 1,977,606	\$ (2,844,041)	\$ 27,049,135	\$ 28,513,321	\$ 1,757,430 **
District's covered payroll	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	42,043,664	\$ 41,531,772	\$ 39,984,542	\$ 38,554,664	\$ 39,629,369
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.95%	15.16%	10.80%	4.70%	6.85%	67.65%	73.96%	4.43%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70% **

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**Information is provided to the District by each pension system. The underlying assumptions and other information are included in Note 14.

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS**

	NYSERS Pension Plan									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,249,795	\$ 1,126,894	\$ 1,167,632	\$ 1,057,595	\$ 988,469	\$ 926,100	\$ 1,162,241	\$ 795,633	\$ 1,221,061	\$ 1,096,089
Contributions in relation to the contractually required contribution	1,249,795	1,126,894	1,167,632	1,057,595	988,469	926,100	1,162,241	795,633	1,221,061	1,096,089
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 8,056,328	\$ 7,808,133	\$ 7,471,508	\$ 7,442,763	\$ 7,151,177	\$ 6,853,361	\$ 6,696,766	\$ 6,605,971	\$ 6,604,042	\$ 6,808,082
Contributions as a percentage of covered payroll	15.51%	14.43%	15.63%	14.21%	13.82%	13.51%	17.36%	12.04%	18.49%	16.10%
	NYSTRS Pension Plan									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 4,202,768	\$ 3,769,741	\$ 4,464,846	\$ 4,108,623	\$ 4,832,101	\$ 5,433,344	\$ 6,857,442	\$ 6,144,217	\$ 4,630,282	\$ 4,320,499
Contributions in relation to the contractually required contribution	4,202,768	3,769,741	4,464,846	4,108,623	4,832,101	5,433,344	6,857,442	6,144,217	4,630,282	4,320,499
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 44,639,783	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	\$ 42,043,664	\$ 41,531,777	\$ 39,984,542	\$ 38,554,664	\$ 39,629,369	\$ 39,593,703
Contributions as a percentage of covered payroll	9.41%	8.69%	10.35%	9.53%	11.49%	13.08%	17.15%	15.94%	11.68%	10.91%

Note: The above amounts for NYSTRS exclude the effects of the 2014 and 2015 Stabilization Contribution Option entered into by the District.

Note: The above amounts for NYSERS exclude the effects of the Stabilization Contribution Option entered into by the District since 2014.

**MANHASSET UNION FREE SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
 AND THE REAL PROPERTY TAX LIMIT
 JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$100,659,820
Add: Prior year's encumbrances	<u>792,181</u>
Original Budget	101,452,001
Appropriation of reserves	<u>9,824,533</u>
Final Budget	<u><u>\$111,276,534</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter approved expenditure budget	<u>\$102,320,176</u>
Maximum allowed (4% of the 2021-2022 budget)	<u><u>\$4,092,807</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	964,890
Assigned for COVID-19 expenditures/cybersecurity attack	925,000
Unassigned fund balance	<u>4,092,808</u>
Total unrestricted fund balance	5,982,698
Less:	
Appropriated fund balance	240,823
Encumbrances included in assigned fund balance	<u>724,067</u>
Total adjustments	<u>964,890</u>
General fund fund Balance Subject to Section 1318 of Real Property Tax Law*	<u><u>\$5,017,808</u></u>
Actual percentage*	4.90%

*Of which \$925,000 or 0.90% is designated for the 2020-2021 COVID-19 reopening plan and cybersecurity attack expenditures.

**MANHASSET UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

Capital assets, net		\$ 75,251,409
Add:		
Deferred charges on refunding	\$ 161,356	
Unspent bond proceeds	<u>755,308</u>	916,664
Deduct:		
Premium on debt	\$ (1,371,183)	
Short-term portion of bonds payable	(2,695,000)	
Long-term portion of bonds payable	<u>(22,295,000)</u>	(26,361,183)
Short-term portion of energy performance debt	\$ (261,140)	
Long-term portion of energy performance debt	<u>(537,950)</u>	<u>(799,090)</u>
Net investment in capital assets		<u><u>\$ 49,007,800</u></u>

**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
Manhasset Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Manhasset Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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.

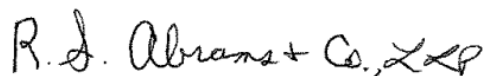
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "R.S. Abrams & Co., LLP".

R.S. Abrams & Co., LLP
Islandia, NY
November 15, 2021