

**NORTH MERRICK UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

NORTH MERRICK UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education ,
North Merrick Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary fund of the North Merrick Union Free School District (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other post-employment benefits liability and related ratios, schedule of District's proportionate share of the net pension asset/(liability) and schedule of District's contributions on pages 4 through 18 and 56 through 60, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 October 10, 2023, 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

R.S. Abrams & Co., LLP
Islandia, New York
October 10, 2023

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The North Merrick Union Free School District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net position was a deficit of \$27,237,879 in the district-wide financial statements at June 30, 2023, compared to a deficit of \$24,124,848 at June 30, 2022. The deficit increased by \$3,113,031 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$41,581,769. Of this amount, \$3,133,791 was offset by program charges for services, operating grants, and capital grants. General revenues of \$35,334,947 amount to 91.9% of total revenues and were not adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$6,077,879 at June 30, 2023. This balance represents a \$7,545 (0.12%) increase over the prior year due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances increased by \$1,456,766 due to the funding of reserves and interest allocated, offset by the use of reserves.
 - Assigned fund balance decreased \$263,643, as the District decreased the fund balance appropriated to fund the 2024 budget, and had fewer open encumbrances at the end of the year.
 - Unassigned fund balance decreased by \$1,185,578 to \$1,555,219.
- The District's 2023 property tax levy including STAR of \$24,858,449 was a 2.0% increase over the 2022 tax levy, which was equal to the property tax cap.
- The District's latest underlying long-term credit rating from Moody's Investor Service, Inc. is Aa2.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, lease liabilities, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Fiduciary Fund

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$3,113,031 between fiscal year 2023 and 2022. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2023	2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 9,398,460	\$ 9,482,657	\$ (84,197)	(0.89)%
Capital Assets, Net	20,070,737	19,752,087	318,650	1.61 %
Net Pension Assets -				
Proportionate Share	-	16,217,774	(16,217,774)	(100.00)%
Total Assets	<u>29,469,197</u>	<u>45,452,518</u>	<u>(15,983,321)</u>	(35.16)%
Deferred Outflows of Resources	<u>26,358,081</u>	<u>24,182,721</u>	<u>2,175,360</u>	9.00 %
Liabilities				
Current and Other Liabilities	3,168,253	2,960,295	207,958	7.02 %
Long-Term Liabilities	14,790,212	15,755,112	(964,900)	(6.12)%
Net Pension Liabilities -				
Proportionate Share	3,838,143	-	3,838,143	100.00 %
Total OPEB Liability	<u>46,463,715</u>	<u>39,143,671</u>	<u>7,320,044</u>	18.70 %
Total Liabilities	<u>68,260,323</u>	<u>57,859,078</u>	<u>10,401,245</u>	17.98 %
Deferred Inflows of Resources	<u>14,804,834</u>	<u>35,901,009</u>	<u>(21,096,175)</u>	(58.76)%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
Net Position (Deficit)				
Net Investment in Capital Assets	\$ 8,559,813	\$ 7,675,555	\$ 884,258	11.52 %
Restricted	4,471,351	3,014,585	1,456,766	48.32 %
Unrestricted (Deficit)	<u>(40,269,043)</u>	<u>(34,814,988)</u>	<u>(5,454,055)</u>	(15.67)%
Total Net Position (Deficit)	<u>\$ (27,237,879)</u>	<u>\$ (24,124,848)</u>	<u>\$ (3,113,031)</u>	(12.90)%

The decrease in current and other assets is primarily related to decreases in amounts due from state and federal, and taxes receivable, offset by the increase in cash and due from other governments.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State," provides additional information.

The increase in capital assets, net is primarily due to capital asset additions in excess of depreciation/amortization expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets," provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily due to increases in the amounts due to the teachers' retirement system, accounts payable, and accrued liabilities, offset by decreases in compensated absences and collections in advance.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness, and a decrease in the compensated absences payable, offset by an increase in lease liabilities.

Net pension liabilities – proportionate share represents the District's share of the TRS' and the ERS' collective net pension liability, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State," provides additional information.

The OPEB liability increase, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits,, provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/amortization, and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The restricted amount relates to the District's reserves, which increased over the prior year, mainly due to transfers into and interest earned on the reserves.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 645,470	\$ 188,473	\$ 456,997	242.47 %
Operating Grants	2,070,978	2,692,463	(621,485)	(23.08)%
Capital Grants	417,343	-	417,343	100.00 %
General Revenues				
Property Taxes and STAR	24,858,449	24,370,793	487,656	2.00 %
State Sources	9,594,296	8,808,360	785,936	8.92 %
Other	882,202	568,865	313,337	55.08 %
Total Revenues	<u>38,468,738</u>	<u>36,628,954</u>	<u>1,839,784</u>	5.02 %
Expenses				
General Support	8,304,153	6,097,147	2,207,006	36.20 %
Instruction	31,616,684	27,981,779	3,634,905	12.99 %
Pupil Transportation	684,776	608,064	76,712	12.62 %
Debt Service - Interest	362,244	372,074	(9,830)	(2.64)%
Food Service Program	613,912	584,842	29,070	4.97 %
Total Expenses	<u>41,581,769</u>	<u>35,643,906</u>	<u>5,937,863</u>	16.66 %
Increase/(Decrease) in Net Position	<u>\$ (3,113,031)</u>	<u>\$ 985,048</u>	<u>\$ (4,098,079)</u>	(416.03)%

The District's net position decreased by \$3,113,031 and increased by \$985,048 for the years ended June 30, 2023 and 2022, respectively.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- The increase in state sources is chiefly due to the District receiving more in lottery aid, general aid, and BOCES aid.
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022-2023 budget.
- Charges for services increased mainly due to the increase in food sales, but also the increase in tuition revenue, as a result of the growth in enrollment.
- Capital grants increased as a result of the capital improvements funded by the Smart Schools Bond Act (SSBA).
- Other revenue increased due to the higher interest rates, insurance recovery revenue, and the refunds of prior year expenses in miscellaneous revenue.
- In the prior year, operating grants included revenue funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the Elementary and Secondary School Emergency Relief (ESSER) Program. However, the District did not recognize similar revenue in the current year.

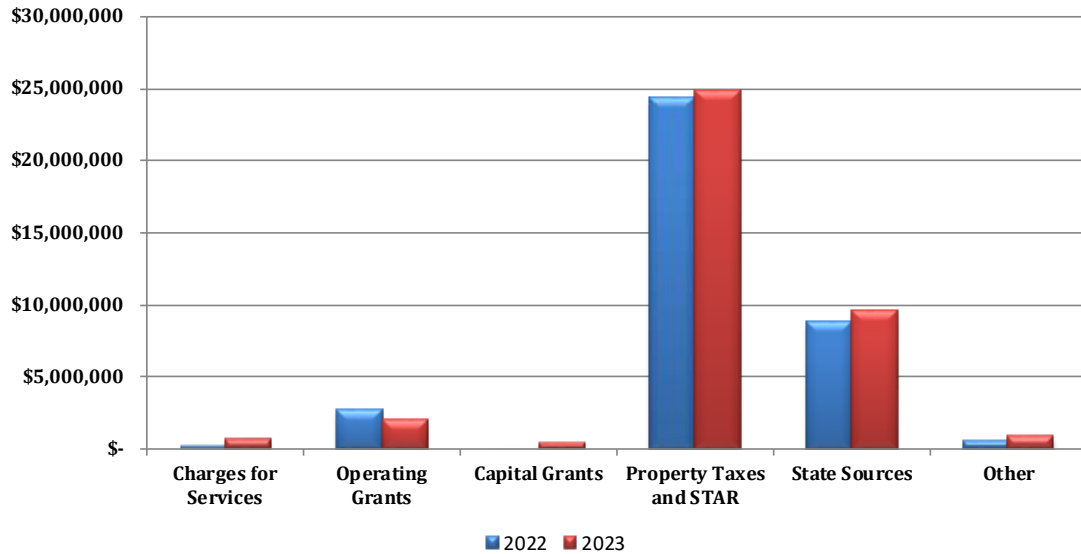
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS, ERS, and OPEB costs, as well as routine salary and step increases.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 64.6% and 66.5% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 76.0% and 78.6% of the total for the years 2023 and 2022, respectively).

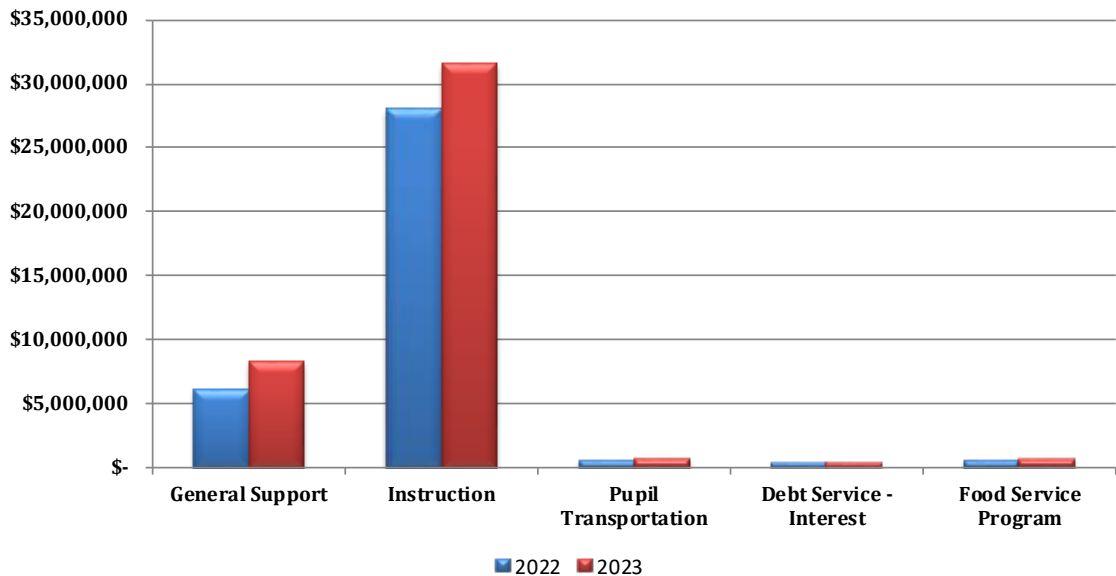
NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2022	0.5%	7.4%	0.0%	66.5%	24.0%	1.6%
2023	1.7%	5.4%	1.1%	64.6%	24.9%	2.3%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2022	17.1%	78.6%	1.7%	1.0%	1.6%
2023	20.0%	76.0%	1.6%	0.9%	1.5%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$5,936,399, which is an increase of \$9,526 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Unemployment insurance	\$ 71,080	\$ 70,131	\$ 949	1.35 %
Retirement contribution:				
Teachers' retirement system	302,326	295,381	6,945	2.35 %
Employees' retirement system	1,680,667	1,222,208	458,459	37.51 %
Insurance	148,677	145,261	3,416	2.35 %
Employee benefit accrued liability	1,195,754	981,950	213,804	21.77 %
Capital	1,001,034	227,841	773,193	339.36 %
Assigned:				
Appropriated fund balance	96,090	295,948	(199,858)	(67.53)%
Unappropriated fund balance	27,032	90,817	(63,785)	(70.23)%
Unassigned: Fund balance	1,555,219	2,740,797	(1,185,578)	(43.26)%
	<u>6,077,879</u>	<u>6,070,334</u>	<u>7,545</u>	0.12 %
School Food Service Fund				
Nonspendable: Inventory	4,460	5,812	(1,352)	(23.26)%
Assigned: Unappropriated fund balance	79,490	121,984	(42,494)	(34.84)%
	<u>83,950</u>	<u>127,796</u>	<u>(43,846)</u>	(34.31)%
Debt Service Fund				
Restricted debt service	1,170	1,170	-	0.00 %
Capital Projects Fund				
Restricted:				
Capital	70,643	70,643	-	0.00 %
Unspent bond proceeds	-	50,724	(50,724)	(100.00)%
Unassigned: Fund balance (deficit)	(297,243)	(393,794)	96,551	24.52 %
	<u>(226,600)</u>	<u>(272,427)</u>	<u>45,827</u>	16.82 %
 Total Fund Balance	 <u>\$ 5,936,399</u>	 <u>\$ 5,926,873</u>	 <u>\$ 9,526</u>	 0.16 %

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. General Fund

The general fund – fund balance is a net increase of \$7,545 or 0.12% compared to an increase of \$807,315 in 2022. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 24,858,449	\$ 24,370,793	\$ 487,656	2.00 %
Other Local Sources	1,110,172	746,826	363,346	48.65 %
State Sources	9,594,296	8,811,420	782,876	8.88 %
Medicaid Reimbursement	43,912	9,132	34,780	380.86 %
Federal Sources	-	23,084	(23,084)	(100.00)%
Other Financing Sources	450,000	1,121,103	(671,103)	(59.86)%
	<u>\$ 36,056,829</u>	<u>\$ 35,082,358</u>	<u>\$ 974,471</u>	2.78 %

- State sources increased due to more Basic Formula Aid, lottery aid, and BOCES aid.
- Property taxes were increased to fund additional appropriations accordance with the 2022-2023 voter-approved budget, negated by the decrease in STAR credit.
- Other local sources increased as the District received more refunds of prior year expense from BOCES, as well as an increase in tuition revenue charged to other Districts.
- Other financing sources consisted of a transfer from the special aid fund to the general fund and represents grant money received from the emergency connectivity grant that was used to reimburse the general fund for prior year pandemic related expenditures. The prior year other financing sources included a \$1,121,103 transfer from special aid fund for CARES Act revenue.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 5,410,674	\$ 4,948,233	\$ 462,441	9.35 %
Instruction	19,324,737	18,760,443	564,294	3.01 %
Pupil Transportation	618,229	542,138	76,091	14.04 %
Employee Benefits	8,978,937	8,457,141	521,796	6.17 %
Debt Service	1,430,138	1,374,507	55,631	4.05 %
Other Financing Uses	286,569	192,581	93,988	48.80 %
	<u>\$ 36,049,284</u>	<u>\$ 34,275,043</u>	<u>\$ 1,774,241</u>	5.18 %

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- Instruction increased due to routine salary and step increases along with increases in BOCES services.
- Employee benefits increased due to the higher cost of hospital, medical, and dental insurance. In addition, the pension contributions increased to the TRS, offset by a decrease in contributions to the ERS.
- General support increased due to larger administrator salaries and contractual maintenance expenses.

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

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Unemployment insurance	\$ 70,131	\$ (700)	\$ 1,649	\$	\$ 71,080
Retirement contribution:					
TRS	295,381	(200,000)	6,945	200,000	302,326
ERS	1,222,208	(421,935)	28,738	851,656	1,680,667
Insurance	145,261		3,416		148,677
EBALR	981,950	(309,285)	23,089	500,000	1,195,754
Capital					
2015	105,676		2,485		108,161
2019	122,165		2,873	767,835	892,873
	<u>\$ 2,942,772</u>	<u>\$ (931,920)</u>	<u>\$ 69,195</u>	<u>\$ 2,319,491</u>	<u>\$ 4,399,538</u>

Additional detail regarding capital reserves can be found in Note 20 "Restricted for Capital Reserve."

B. School Food Service Fund

The school food service fund - fund balance net decrease can be attributed to the District receiving less state and federal reimbursements, due to the discontinuation of the free meals to all students program.

C. Debt Service Fund

There was no change in debt service fund-fund balance this year, as no transfers were made to offset current year debt payments. The District's plan is to use the remaining fund balance from the debt service fund to offset the debt service costs in the 2023-2024 school year.

D. Capital Projects Fund

The capital projects fund - fund balance net increase is the result of state grant revenues and other financing sources exceeding capital expenditures.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2022	Use of Reserves	Funding	Balance @ June 30, 2023
2015 Capital Reserve	\$ 70,643	\$ -	\$ -	\$ 70,643

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's general fund adopted budget for the year ended June 30, 2023 was \$36,020,048. This amount was increased by encumbrances carried forward from the prior year in the amount of \$90,817. The District also appropriated an additional \$309,285 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve and an additional \$72,850 for an unanticipated insurance recovery for roof repairs for a total final budget of \$36,493,000.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$24,858,449 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 2,740,797
Revenues and Other Financing Sources Over Budget	999,879
Expenditures, Other Financing Uses, and Encumbrances Under Budget	416,684
Unused Appropriated Reserves	(117,365)
Allocation to Reserves	(2,388,686)
Appropriated to Fund the June 30, 2024 Budget	<u>(96,090)</u>
Closing, Unassigned Fund Balance	<u>\$ 1,555,219</u>

Opening, Unassigned Fund Balance

The \$2,740,797 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Revenues and Other Financing Sources Over Budget

The 2022-2023 final budget for revenues and other financing sources was \$35,056,950. Actual revenue and other financing sources recognized for the year were \$36,056,829. The excess of actual revenues and other financing sources over estimated or budgeted revenues and other financing sources was \$999,879, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was \$36,493,000. Actual expenditures and other financing uses as of June 30, 2023 were \$36,049,284 and outstanding encumbrances were \$27,032. Combined, the expenditures and other financing uses plus encumbrances for 2022-2023 were \$36,076,316. The final budget variance was \$416,684, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2022-2023 budget, \$740,000 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$117,365 of this funding was not needed and, therefore, it was returned to the reserves for future use.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this MD&A details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$96,090 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2023 was \$1,555,219. This amount equals 4.0% of the 2023-2024 budget and is equal to the 4.0% statutory limit.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$1,373,263 in excess of depreciation/amortization expense of \$1,054,613 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 120,104	\$ 120,104	\$ -
Construction in progress	237,958	913,149	(675,191)
Buildings & building improvements	17,872,750	17,653,126	219,624
Site improvements	433,086	475,079	(41,993)
Furniture & equipment	899,807	229,921	669,886
Vehicles	49,957	9,557	40,400
Leased equipment and fixtures	457,075	351,151	105,924
Capital assets, net	<u>\$ 20,070,737</u>	<u>\$ 19,752,087</u>	<u>\$ 318,650</u>

B. Debt Administration

At June 30, 2022, the District had combined total debt of \$11,185,417. The decreases in outstanding debt represent principal payments made throughout the year, while the increases indicate new issuances. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

	Issue/ Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
Bonds Payable					
Serial Bond	2017	3.00%	<u>\$ 10,725,000</u>	<u>\$ 11,560,000</u>	<u>\$ (835,000)</u>
Lease Liabilities					
Postage Machine -					
8031984 & 8031985	2/1/2022	0.71%	\$ 14,550	\$ 18,545	\$ (3,995)
Chromebooks - LOI 696972	10/10/2019	1.93%	1,418	7,023	(5,605)
Chromebooks - LOI 671498	7/18/2021	2.23%	-	23,094	(23,094)
Smart Boards - LOI 744139	10/29/2020	1.03%	8,158	14,609	(6,451)
Chromebooks - LOI 694607	9/5/2019	1.83%	490	3,402	(2,912)
Chromebooks - LOI 740834	9/10/2020	0.97%	66,643	123,169	(56,526)
Chromebooks - LOI 786969	9/9/2021	3.03%	30,033	38,934	(8,901)
Smart Boards - LOI 657303	10/22/2018	2.99%	1,072	5,282	(4,210)
Smart Boards - LOI 713838	1/23/2020	2.04%	5,670	16,837	(11,167)
Xerox Copier - LOI 807740	11/8/2021	0.55%	53,135	68,498	(15,363)
Xerox Copier - LOI 748284	9/18/2020	0.41%	15,340	22,374	(7,034)
Xerox Copier - LOI 630385	1/3/2018	0.14%	-	2,042	(2,042)
Xerox Copier - LOI 628924	2/25/2018	0.19%	-	8,941	(8,941)
Xerox Copier - LOI 858221	3/15/2023	0.10%	62,861	-	62,861
Xerox Copier - LOI 831651	6/1/2023	0.08%	9,173	-	9,173
Xerox Copier - LOI 833363	9/1/2022	4.28%	191,874	-	191,874
			<u>\$ 460,417</u>	<u>\$ 352,750</u>	<u>\$ 107,667</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and, total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Compensated absences payable	\$ 3,423,690	\$ 3,627,856	\$ (204,166)
Net pension liabilities - proportionate share	3,838,143	-	3,838,143
Total OPEB liability	46,463,715	39,143,671	7,320,044
	<u>\$ 53,725,548</u>	<u>\$ 42,771,527</u>	<u>\$ 10,954,021</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$38,885,897. This is an increase of \$2,865,849 or 7.96% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$2,484,278 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$96,090 is a decrease of \$199,858 from the previous year. Additionally, the District has elected to appropriate \$714,000 of reserves towards the next year's budget, which is a decrease of \$26,000 from the previous year. A property tax increase of \$607,429 (2.44%), levy-to-levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2023-2024 is 2.44%. The District's 2023-2024 property tax increase of 2.44% was equal to the tax cap and did not require an override vote.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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:

Mr. Thomas P. McDaid, Jr., Esq.
Assistant Superintendent Business & Operations
North Merrick Union Free School District
1057 Merrick Avenue
North Merrick, New York 11566

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS

Cash	
Unrestricted	\$ 1,227,909
Restricted	4,471,351
Receivables	
Taxes receivable	306,428
Accounts receivable	20,681
Due from state and federal	3,203,030
Due from other governments	164,601
Inventory	4,460
Capital assets:	
Not being depreciated/amortized	358,062
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>19,712,675</u>
Total Assets	<u>29,469,197</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	10,544,151
Other postemployment benefits	<u>15,813,930</u>
Total Deferred Outflows of Resources	<u>26,358,081</u>

LIABILITIES

Payables	
Accounts payable	528,309
Accrued liabilities	629,765
Due to teachers' retirement system	1,708,183
Due to employees' retirement system	122,006
Compensated absences payable	77,521
Other liabilities	85,937
Unearned credits	
Collections in advance	16,532
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	890,860
Lease liabilities	166,247
Due and payable after one year	
Bonds payable, net	10,015,245
Lease liabilities	294,170
Compensated absences payable	3,423,690
Net pension liabilities - proportionate share	3,838,143
Total other postemployment benefits liability	<u>46,463,715</u>
Total Liabilities	<u>68,260,323</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	989,276
Other postemployment benefits	<u>13,815,558</u>
Total Deferred Inflows of Resources	<u>14,804,834</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>8,559,813</u>
Restricted:	
Unemployment insurance	71,080
Retirement contribution	
Teachers' retirement system	302,326
Employees' retirement system	1,680,667
Insurance	148,677
Employee benefit accrued liability	1,195,754
Capital	1,071,677
Debt	<u>1,170</u>
	<u>4,471,351</u>
Unrestricted (deficit)	<u>(40,269,043)</u>
Total Net Position (Deficit)	<u>\$ (27,237,879)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2023

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 8,304,153	\$	\$	\$ 417,343	\$ (7,886,810)
Instruction	31,616,684	272,150	1,865,275		(29,479,259)
Pupil transportation	684,776				(684,776)
Debt service - interest	362,244				(362,244)
Food service program	613,912	373,320	205,703		(34,889)
Total Functions and Programs	<u>\$ 41,581,769</u>	<u>\$ 645,470</u>	<u>\$ 2,070,978</u>	<u>\$ 417,343</u>	<u>(38,447,978)</u>
GENERAL REVENUES					
Real property taxes					22,605,093
Other tax items					2,576,997
Use of money and property					143,793
Sale of property and compensation for loss					100,333
Miscellaneous					270,523
State sources					9,594,296
Medicaid reimbursement					43,912
Total General Revenues					<u>35,334,947</u>
Change in Net Position					(3,113,031)
Total Net Position (Deficit) - Beginning of Year					<u>(24,124,848)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (27,237,879)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 1,097,261	\$ 23,903	\$ 97,116	\$	\$ 9,629	\$ 1,227,909
Restricted	4,400,708				70,643	4,471,351
Receivables						
Taxes receivable	306,428					306,428
Accounts receivable	20,681					20,681
Due from other funds	2,471,478		9,909	1,170		2,482,557
Due from state and federal	574,420	1,572,781	13,086		1,042,743	3,203,030
Due from other governments	164,601					164,601
Inventory			4,460			4,460
Total Assets	<u>\$ 9,035,577</u>	<u>\$ 1,596,684</u>	<u>\$ 124,571</u>	<u>\$ 1,170</u>	<u>\$ 1,123,015</u>	<u>\$ 11,881,017</u>
LIABILITIES						
Payables						
Accounts payable	\$ 366,629	\$ 4,778	\$ 12,500	\$	\$ 144,402	\$ 528,309
Accrued liabilities	562,593	1,958	11,589			576,140
Due to other funds	6,940	1,589,948			885,669	2,482,557
Due to teachers' retirement system	1,708,183					1,708,183
Due to employees' retirement system	122,006					122,006
Compensated absences payable	77,521					77,521
Other liabilities	85,937					85,937
Unearned credits						
Collections in advance			16,532			16,532
Total Liabilities	<u>2,929,809</u>	<u>1,596,684</u>	<u>40,621</u>	<u>-</u>	<u>1,030,071</u>	<u>5,597,185</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>27,889</u>				<u>319,544</u>	<u>347,433</u>
FUND BALANCES (DEFICIT)						
Nonspendable: Inventory			4,460			4,460
Restricted:						
Unemployment insurance	71,080					71,080
Retirement contribution						
Teachers' retirement system	302,326					302,326
Employees' retirement system	1,680,667					1,680,667
Insurance	148,677					148,677
Employee benefit accrued liability	1,195,754					1,195,754
Capital	1,001,034				70,643	1,071,677
Debt				1,170		1,170
Assigned:						
Appropriated fund balance	96,090					96,090
Unappropriated fund balance	27,032		79,490			106,522
Unassigned: Fund balance (deficit)	<u>1,555,219</u>				<u>(297,243)</u>	<u>1,257,976</u>
Total Fund Balances (Deficit)	<u>6,077,879</u>	<u>-</u>	<u>83,950</u>	<u>1,170</u>	<u>(226,600)</u>	<u>5,936,399</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,035,577</u>	<u>\$ 1,596,684</u>	<u>\$ 124,571</u>	<u>\$ 1,170</u>	<u>\$ 1,123,015</u>	<u>\$ 11,881,017</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2023

Total Governmental Fund Balances	\$ 5,936,399
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and leasing capital assets 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 includes 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	\$ 29,061,338	
Less: Accumulated depreciation/amortization	<u>(8,990,601)</u>	
		20,070,737

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	10,544,151	
Net pension liability - teachers' retirement system	(1,652,713)	
Net pension liability - employees' retirement system	(2,185,430)	
Deferred inflows of resources	<u>(989,276)</u>	
		5,716,732

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	15,813,930	
Total other postemployment benefits liability	(46,463,715)	
Deferred inflows of resources	<u>(13,815,558)</u>	
		(44,465,343)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

347,433

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

Accrued interest on long-term debt	(53,625)	
Bonds payable, net	(10,906,105)	
Lease liabilities	(460,417)	
Compensated absences payable	<u>(3,423,690)</u>	
		(14,843,837)

Total Net Position (Deficit)	<u>\$ (27,237,879)</u>
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NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 22,605,093	\$	\$	\$	\$	\$ 22,605,093
Other tax items	2,576,997					2,576,997
Charges for services	272,150					272,150
Use of money and property	143,525		268			143,793
Sale of property and compensation for loss	100,333					100,333
Miscellaneous	270,523					270,523
State sources	9,594,296	372,120	6,490		723,199	10,696,105
Medicaid Reimbursement	43,912					43,912
Federal sources		1,493,155	199,213			1,692,368
Sales			373,320			373,320
Total Revenues	35,606,829	1,865,275	579,291	-	723,199	38,774,594
EXPENDITURES						
General support	5,410,674					5,410,674
Instruction	19,324,737	1,396,297				20,721,034
Pupil transportation	618,229	66,547				684,776
Employee benefits	8,978,937					8,978,937
Debt service						
Principal	1,030,318					1,030,318
Interest	399,820					399,820
Food service program			623,137			623,137
Capital outlay					1,219,357	1,219,357
Total Expenditures	35,762,715	1,462,844	623,137	-	1,219,357	39,068,053
Excess (Deficiency) of Revenues Over Expenditures	(155,886)	402,431	(43,846)	-	(496,158)	(293,459)
OTHER FINANCING SOURCES AND (USES)						
Proceeds of debt					302,985	302,985
Operating transfers in	450,000	47,569			239,000	736,569
Operating transfers (out)	(286,569)	(450,000)				(736,569)
Total Other Financing Sources and (Uses)	163,431	(402,431)	-	-	541,985	302,985
Net Change in Fund Balances	7,545	-	(43,846)	-	45,827	9,526
Fund Balances (Deficit) - Beginning of Year	6,070,334	-	127,796	1,170	(272,427)	5,926,873
End of Year	\$ 6,077,879	\$ -	\$ 83,950	\$ 1,170	\$ (226,600)	\$ 5,936,399

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances	\$	9,526
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	\$	(305,856)
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable		204,166
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<u>Capital Related Differences</u>		(101,690)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which, capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	1,373,263	
Depreciation/amortization expense	(1,054,613)	318,650

Long-Term Debt Transactions Differences

Proceeds from the issuance of leases are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(302,985)	
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The amortization of deferred premium on bond issuance, decreases interest expense in the Statement of Activities.	33,401	
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Repayment of long-term 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.

Bonds payable	835,000	
Lease liabilities	195,318	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.

	4,175	764,909
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Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system	(525,200)	
Employees' retirement system	(453,708)	
Other postemployment benefits	(3,125,518)	(4,104,426)

Change in Net Position (Deficit) of Governmental Activities	\$	(3,113,031)
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NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2023

	<u>Custodial</u>
ASSETS	
Due from other governments	\$ 276,187
LIABILITIES	
Due to other governments	<u>276,187</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2023

	<u>Custodial</u>
ADDITIONS	
Real property taxes and PILOT collected for other governments:	
Central High School District	\$ 19,487,627
Library	<u>2,887,702</u>
Total Additions	22,375,329
DEDUCTIONS	
Disbursements of real property taxes and PILOT to other governments	<u>22,375,329</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Merrick Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

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 (Board) consisting of seven 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 financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

School Food Service Fund - is used to account for the activities of the food service program.

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

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation, major repair, or leasing of capital facilities and other capital assets.

Fiduciary Funds - are used to account for activities 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 to finance District operations. The following is the District's fiduciary fund:

Custodial Fund - is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to those governments.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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, lease liabilities, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected by the Town of Hempstead and remitted to the District from October through June.

The District also levies the real property taxes for the Bellmore-Merrick Central High School District and North Merrick Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library and High School District as received from the Town. These pass-through amounts are not included in the District's real property tax revenues, but are accounted for in the custodial fund.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County in June.

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

PILOT payments collected on behalf of the Bellmore-Merrick Central High School District (CHSD) are remitted to the CHSD. These pass-through amounts are not included in the District's other tax items revenues, however, the amounts are recorded within the custodial fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$286,311 in LIPA PILOT revenue during the 2022-2023 fiscal year.

G. Restricted Resources

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

H. Interfund Transactions

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflow of resources, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, lease liabilities, pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

K. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

M. Capital Assets

The district-wide financial statements report capital and intangible assets such as right-to-use leased assets. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation. Intangible assets are reported based on the estimated lease liabilities in accordance with GASB standards.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings & building improvements	\$ 15,000	50 years
Site improvements	15,000	20 years
Furniture & equipment	1,000	5-20 years
Vehicles	1,000	8 years
Leased equipment and fixtures	1,000	4 years

N. Deferred Outflows of Resources

Deferred outflows of resources, reported in the Statement of Net Position, represents a consumptions of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

O. 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 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 date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

P. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts in the school food service fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

Q. Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. Other Benefits

Eligible District employees participate in the TRS or the ERS.

District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code §403(b).

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare 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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

S. Long-Term Debt

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the district-wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This consists of receivables of certain state aid allocations and capital grants. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item, reported in the Statement of Net Position, is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

U. Equity Classifications

District-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Insurance Reserve

Insurance Reserve (GML §6-n) is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, holiday leave, or vacation leave due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. 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. These reserves are accounted for in the general fund and the capital projects fund.

Restricted for Debt

Unexpended balances of proceed of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are recorded for in the debt service fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. 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, positive amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from the overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

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 if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned, or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

2. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2024	GASB No. 99 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

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

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resource measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

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 benefits 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 OPEB 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.

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The District appropriated an additional \$309,285 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve. Additionally, the District appropriated \$72,850 from an insurance recovery related to a roof leak.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. 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 part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Capital Projects Fund Deficit

The capital projects fund has an unassigned fund balance deficit of \$297,243. This will be funded when the District receives grant revenue from the state through the Smart Schools Bond Act and The Dormitory Authority of the State of New York.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by letters of credit pledged on the District's behalf at year end.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the District was billed \$2,047,435 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$797,079. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2023 consisted of:

General Fund	
New York State - excess cost aid	\$ 206,565
BOCES aid	367,855
	<u>574,420</u>
Special Aid Fund	
Federal and state grants	1,572,781
School Food Service Fund	
Federal and state food service program reimbursements	13,086
Capital Projects Fund	
Federal and state grants	<u>1,042,743</u>
	<u>\$ 3,203,030</u>

District management expects these amounts to be fully collectible.

8. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2023 consisted of:

General Fund	
Other districts - tuition	\$ 102,185
Other districts - health services	17,032
Child care and rent	10,308
Medicaid claims	<u>35,076</u>
	<u>\$ 164,601</u>

District management expects these amounts to be fully collectible.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. CAPITAL ASSETS

A. Changes

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 120,104	\$	\$	\$ 120,104
Construction in progress	913,149	916,372	(1,591,563)	237,958
Total capital assets not being depreciated/amortized	1,033,253	916,372	(1,591,563)	358,062
Capital assets being depreciated/amortized:				
Buildings & building improvements	23,443,182	951,163		24,394,345
Site improvements	1,585,189			1,585,189
Furniture & equipment	1,037,815	748,312	(45,421)	1,740,706
Vehicles	128,790	45,994		174,784
Leased equipment and fixtures	505,267	302,985		808,252
Total capital assets being depreciated/amortized	26,700,243	2,048,454	(45,421)	28,703,276
Less accumulated depreciation & amortization for:				
Buildings & building improvements	5,790,056	731,539		6,521,595
Site improvements	1,110,110	41,993		1,152,103
Furniture & equipment	807,894	78,426	(45,421)	840,899
Vehicles	119,233	5,594		124,827
Leased equipment and fixtures	154,116	197,061		351,177
Total accumulated depreciation/ amortization	7,981,409	1,054,613	(45,421)	8,990,601
Total capital assets being depreciated/amortized, net	18,718,834	993,841	-	19,712,675
Capital assets, net	\$ 19,752,087	\$ 1,910,213	\$ (1,591,563)	\$ 20,070,737

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 20,001
Instruction	1,032,628
Food service program	1,984
Total depreciation & amortization expense	<u>\$ 1,054,613</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Lease Assets

The District has entered into various lease arrangements that are subject to GASB Statement No. 87, *Leases*. The terms of these leases vary between 4 and 5 years with discount rates ranging from 0.08% to 4.28%. These leases are included in leased equipment and fixtures in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the District has not recorded any such impairment losses.

10. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2023 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 2,471,478	\$ 6,940	\$ 450,000	\$ 286,569
Special Aid Fund		1,589,948	47,569	450,000
School Food Service Fund	9,909			
Debt Service Fund	1,170			
Capital Projects Fund		885,669	239,000	
	<u>\$ 2,482,557</u>	<u>\$ 2,482,557</u>	<u>\$ 736,569</u>	<u>\$ 736,569</u>

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities. The transfer to the capital projects fund was for a voter-approved transfer to provide funding for capital improvement projects. The transfer out in the special aid fund represents grant money received from the Epidemiology and Laboratory Capacity (ELC) Reopening Schools Award that was returned to the general fund to assist in covering the expenditures associated with the secure reopening and continuous safe operation of schools in-person instruction during the pandemic.

11. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2022	Issued	Redeemed	Balance June 30, 2023
TAN	3/30/2023	4.00%	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town. Interest on short-term debt for the year was \$42,222. The District received a premium of \$10,140, which is included in miscellaneous revenue in the general fund. The effective interest rate was 3.0394%.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

12. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and total OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 11,560,000	\$	\$ (835,000)	\$ 10,725,000	\$ 860,000
Premium on obligation	214,506		(33,401)	181,105	30,860
	<u>11,774,506</u>	<u>-</u>	<u>(868,401)</u>	<u>10,906,105</u>	<u>890,860</u>
Lease liabilities	352,750	302,985	(195,318)	460,417	166,247
Other long-term liabilities:					
Compensated absences	<u>3,627,856</u>	<u>105,119</u>	<u>(309,285)</u>	<u>3,423,690</u>	<u>-</u>
	<u>\$ 15,755,112</u>	<u>\$ 408,104</u>	<u>\$ (1,373,004)</u>	<u>\$ 14,790,212</u>	<u>\$ 1,057,107</u>

The general fund has typically been used to liquidate other long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Serial bond - Improvements to facilities	5/18/2017	5/1/2034	3.00%	<u>\$ 10,725,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 860,000	\$ 321,750	\$ 1,181,750
2025	890,000	295,950	1,185,950
2026	915,000	269,250	1,184,250
2027	945,000	241,800	1,186,800
2028	975,000	213,450	1,188,450
2029 - 2033	5,380,000	608,400	5,988,400
2034	<u>760,000</u>	<u>22,800</u>	<u>782,800</u>
Total	<u>\$ 10,725,000</u>	<u>\$ 1,973,400</u>	<u>\$ 12,698,400</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Premium on Obligation

In the district-wide statements, the District is amortizing the premium received on bonds as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Premium
2024	\$ 30,860
2025	28,237
2026	25,532
2027	22,744
2028	19,866
2029 - 2033	52,727
2034	1,139
Total	<u>\$ 181,105</u>

D. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Postage Machine - 8031984 & 8031985	2/1/2022	1/1/2027	0.710%	\$ 14,550
Chromebooks - LOI 696972	10/10/2019	9/10/2023	1.930%	1,418
Smart Boards - LOI 744139	10/29/2020	9/24/2024	1.030%	8,158
Chromebooks - LOI 694607	9/5/2019	8/5/2023	1.830%	490
Chromebooks - LOI 740834	9/10/2020	8/10/2024	0.970%	66,643
Chromebooks - LOI 786969	9/9/2021	8/9/2026	3.030%	30,033
Smart Boards - LOI 657303	10/22/2018	9/22/2023	2.990%	1,072
Smart Boards - LOI 713838	1/23/2020	12/23/2023	2.040%	5,670
Xerox Copier - LOI 807740	11/8/2021	11/8/2026	0.550%	53,135
Xerox Copier - LOI 748284	9/18/2020	8/18/2025	0.410%	15,340
Xerox Copier - LOI 858221	3/15/2023	3/15/2028	0.100%	62,861
Xerox Copier - LOI 831651	6/1/2023	6/1/2028	0.080%	9,173
Xerox Copier - LOI 833363	9/1/2022	8/31/2027	4.280%	191,874
				<u>\$ 460,417</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The following is a summary of debt service requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 166,247	\$ 8,918	\$ 175,165
2025	107,525	6,131	113,656
2026	92,789	3,719	96,508
2027	74,796	1,355	76,151
2028	19,060	18	19,078
Total	<u>\$ 460,417</u>	<u>\$ 20,141</u>	<u>\$ 480,558</u>

There were no additional lease commitments entered into by the District after June 30, 2023.

E. Interest Expense

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

Interest paid	\$ 357,598
Less interest accrued in the prior year	(57,800)
Plus interest accrued in the current year	53,625
Less amortization of deferred premiums	<u>(33,401)</u>
Total interest expense on long-term debt	<u>\$ 320,022</u>

13. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 11.03% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023, was \$1,607,270 for TRS at the contribution rate of 10.29% and \$421,935 for ERS at an average contribution rate of 9.50%.

D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2022, for TRS and March 31, 2023 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS systems in reports provided to the District.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (1,652,713)	\$ (2,185,430)
District's portion of the Plan's total pension liability	0.086129%	0.0101913%
Change in proportion since the prior measurement date	(0.002285)	(0.0007750)

For the year ended June 30, 2023, the District recognized a pension expense of \$2,131,747 for TRS and \$862,371 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 1,731,834	\$ 232,765	\$ 33,117	\$ 61,375
Changes of assumptions	3,205,983	1,061,386	665,759	11,730
Net difference between projected and actual earnings on pension plan investments	2,135,462			12,839
Changes in proportion and differences between the District's contributions and proportionate share of contributions	219,176	228,269	158,359	46,097
District contributions subsequent to the measurement date	1,607,270	122,006		
Total	<u>\$ 8,899,725</u>	<u>\$ 1,644,426</u>	<u>\$ 857,235</u>	<u>\$ 132,041</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2024	\$ 1,260,645	\$ 365,806
2025	646,161	(58,964)
2026	(252,017)	485,669
2027	4,200,470	597,868
2028	541,931	
Thereafter	38,030	
	<u>\$ 6,435,220</u>	<u>\$ 1,390,379</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions of the measurement of total pension liability.

For TRS, the June 30, 2022 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period of July 1, 2015 - June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions 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 pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equity	8.0%	9.90%	10.0%	7.50%
Alternative investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
District's proportionate share of the net pension asset (liability)	<u>\$ (15,238,786)</u>	<u>\$ (1,652,713)</u>	<u>\$ 9,773,086</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (5,281,248)</u>	<u>\$ (2,185,430)</u>	<u>\$ 401,485</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:

	TRS	ERS
	<u>(Dollars in Thousands)</u>	
Measurement date	June 30, 2022	March 31, 2023
Employers' total pension liability	\$ (133,883,474)	\$ (232,627,259)
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension liability	<u>\$ (1,918,892)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.57%	90.78%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2023 amounted to \$1,607,270 of employer contributions and \$100,913 of employee contributions.

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, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$122,006 of employer contributions. Employee contributions are remitted monthly.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

14. PENSION PLANS – OTHER

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 compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$176,426 and \$988,605, respectively.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees, spouses, or beneficiaries currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>227</u>
	<u><u>370</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$46,463,715 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%	
Discount rate	3.65%	
Healthcare cost trend rates	6.40%	decreasing to an ultimate rate of 3.80% over 55 years
Retirees' share of benefit-related costs	10% - 65%	of projected health insurance premiums for retirees

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. The assumption includes a margin for future improvements in longevity.

The plan has not had a formal actuarial study performed.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 39,143,671</u>
Changes for the year	
Service cost	1,778,853
Interest on total OPEB liability	1,433,425
Changes of benefit terms	-
Differences between expected and actual experience	(926,292)
Changes in assumptions or other inputs	5,902,201
Benefit payments	<u>(868,143)</u>
	<u>7,320,044</u>
Balance at June 30, 2023	<u><u>\$ 46,463,715</u></u>

As of June 30, 2023 measurement date, the following actuarial assumption was changed:

- The discount rate used for the valuation was changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

OPEB	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	<u><u>\$(54,605,521)</u></u>	<u><u>\$(46,463,715)</u></u>	<u><u>\$(39,922,677)</u></u>

Sensitivity of the Total OPEB Liability 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 (5.40%-2.80%) or 1 percentage point higher (7.40%-4.0%) than the current healthcare cost trend rate:

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

		Healthcare Cost	
	1% Decrease	Trend Rates	1% Increase
	5.40%	6.40%	7.40%
	decreasing to	decreasing to	decreasing to
OPEB	2.80%	3.80%	4.80%
Total OPEB liability	<u>\$(41,773,644)</u>	<u>\$(46,463,715)</u>	<u>\$(52,431,530)</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year June 30, 2023, the District recognized OPEB expense of \$3,993,661. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 40,452	\$ 6,521,452
Changes of assumptions or other inputs	<u>15,773,478</u>	<u>7,294,106</u>
Total	<u>\$ 15,813,930</u>	<u>\$ 13,815,558</u>

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

Year Ending June 30,	Amount
2024	\$ 781,383
2025	781,383
2026	781,383
2027	(137,406)
2028	(736,889)
Thereafter	<u>528,518</u>
	<u>\$ 1,998,372</u>

16. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources at June 30, 2023, consists of excess cost aid due to the District from prior years. Unavailable revenues in the general fund at June 30, 2023, total \$27,889.

Also included in the governmental fund financial statement as deferred inflows of resources, at June 30, 2023, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act) and security improvements and window replacements funded through the Dormitory Authority of the State of New York (DASNY). Unavailable revenues, in the capital projects fund at June 30, 2023, total \$319,544.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

17. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Public Entity Risk Pool

The District participates in the 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 District participates in the Nassau County Schools Cooperative Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2023, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$18,561,667 at a 2% discount rate. The Workers' Compensation Plan has assets of \$27,116,789 to pay these liabilities. At June 30, 2023, the District's open claims, discounted at 2% are \$470,353.

18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024:

Unemployment Insurance	\$ 2,000
Retirement Contributions	
Teachers' retirement system	200,000
Employees' retirement system	<u>512,000</u>
	<u>\$ 714,000</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$96,090 has been appropriated to reduce taxes for the year ending June 30, 2024.

20. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2015	May 2019	
Number of Years to Fund	10	10	
Maximum Funding	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	Total
General Fund			
Funding Provided	\$ 320,000	\$ 890,000	\$ 1,210,000
Interest Earnings	13,161	2,873	16,034
Use of Reserve	<u>(225,000)</u>		<u>(225,000)</u>
Total General Fund	<u>108,161</u>	<u>892,873</u>	<u>1,001,034</u>
Capital Projects Fund			
Funding Provided	225,000		225,000
Use of Reserve	<u>(154,357)</u>		<u>(154,357)</u>
Total Capital Projects Fund	<u>70,643</u>	<u>-</u>	<u>70,643</u>
Balance as of June 30, 2023	<u>\$ 178,804</u>	<u>\$ 892,873</u>	<u>\$ 1,071,677</u>

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2023, the District encumbered the following significant amounts:

Assigned: Unappropriated Fund Balance:

General Fund	
General Support	\$ 26,818
Instruction	<u>214</u>
	27,032
Capital Projects Fund	
Capital projects	<u>302,074</u>
	<u>\$ 329,106</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. 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, would be immaterial.

C. Litigation

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

22. SUBSEQUENT EVENTS

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

Issuance of TANs

On September 14, 2023, the District issued tax anticipation notes in the amount of \$2,000,000, which are due May 29, 2024, and bear interest at a stated interest rate of 4.50%. The District received premiums of \$4,380 with the borrowing to yield an effective interest rate of 4.19%.

SUPPLEMENTARY INFORMATION

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 22,605,093	\$ 22,605,093	\$ 22,605,093	\$ -
Other tax items	2,529,633	2,529,633	2,576,997	47,364
Charges for services	205,000	205,000	272,150	67,150
Use of money and property	65,000	65,000	143,525	78,525
Sale of property and compensation for loss		72,850	100,333	27,483
Miscellaneous	30,000	30,000	270,523	240,523
Total Local Sources	25,434,726	25,507,576	25,968,621	461,045
State Sources	9,547,374	9,547,374	9,594,296	46,922
Medicaid Reimbursement	2,000	2,000	43,912	41,912
Total Revenues	34,984,100	35,056,950	35,606,829	549,879
OTHER FINANCING SOURCES				
Operating Transfers In			450,000	450,000
Total Revenues and Other Sources	34,984,100	35,056,950	36,056,829	\$ 999,879
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	295,948	295,948		
Prior Year's Encumbrances	90,817	90,817		
Appropriated Reserves	740,000	1,049,285		
Total Appropriated Fund Balance	1,126,765	1,436,050		
Total Revenues, Other Sources, and Appropriated Fund Balance	\$ 36,110,865	\$ 36,493,000		

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.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 84,450	\$ 100,431	\$ 96,948	\$	\$ 3,483
Central administration	566,600	732,903	731,188		1,715
Finance	713,866	690,070	670,480	13,800	5,790
Staff	127,050	97,938	96,609		1,329
Central services	3,397,545	3,523,592	3,451,757	13,018	58,817
Special items	367,000	366,851	363,692		3,159
Total General Support	5,256,511	5,511,785	5,410,674	26,818	74,293
Instruction					
Administration & improvement	1,033,500	1,026,358	1,022,672		3,686
Teaching - regular school	10,100,304	10,672,512	10,659,552		12,960
Programs for students with disabilities	6,000,280	6,022,101	6,018,933		3,168
Teaching - special schools	33,000	17,334	17,334		-
Instructional media	482,829	458,209	457,585	214	410
Pupil services	1,130,075	1,154,714	1,148,661		6,053
Total Instruction	18,779,988	19,351,228	19,324,737	214	26,277
Pupil Transportation	660,750	620,484	618,229		2,255
Employee Benefits	9,699,700	9,292,796	8,978,937		313,859
Debt Service					
Principal	1,030,318	1,030,318	1,030,318		-
Interest	407,598	399,820	399,820		-
Total Debt Service	1,437,916	1,430,138	1,430,138		-
Total Expenditures	35,834,865	36,206,431	35,762,715	27,032	416,684
OTHER FINANCING USES					
Operating Transfers Out	276,000	286,569	286,569		-
Total Expenditures and Other Uses	<u>\$ 36,110,865</u>	<u>\$ 36,493,000</u>	<u>36,049,284</u>	<u>\$ 27,032</u>	<u>\$ 416,684</u>
Net Change in Fund Balance			7,545		
Fund Balance - Beginning of Year			<u>6,070,334</u>		
Fund Balance - End of Year			<u>\$ 6,077,879</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.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Ten Fiscal Years

	<i>Teachers' Retirement System</i>									
	<u>2023</u>	<u>2022</u>	<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)	0.086129%	0.088414%	0.084058%	0.083643%	0.085775%	0.084132%	0.086746%	0.087570%	0.087908%	0.086590%
District's proportionate share of the net pension asset/(liability)	\$ (1,652,713)	\$ 15,321,323	\$ (2,322,759)	\$ 2,173,058	\$ 1,551,031	\$ 639,489	\$ (929,083)	\$ 9,095,733	\$ 9,792,385	\$ 569,985
District's covered payroll	\$ 15,257,900	\$ 15,006,714	\$ 14,267,364	\$ 13,961,420	\$ 13,971,723	\$ 13,306,817	\$ 13,669,218	\$ 13,540,447	\$ 13,299,079	\$ 13,076,288
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	102.10 %	16.28 %	15.56 %	11.10 %	4.81 %	6.80 %	67.17 %	73.63 %	4.36 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
	<i>Employees' Retirement System</i>									
	<u>2023</u>	<u>2022</u>	<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)	0.0101913%	0.0109663%	0.0098857%	0.0100994%	0.0103568%	0.0107373%	0.0100984%	0.0105252%	0.0107264%	0.0107264%
District's proportionate share of the net pension asset/(liability)	\$ (2,185,430)	\$ 896,451	\$ (9,844)	\$ (2,674,384)	\$ (733,809)	\$ (346,541)	\$ (948,871)	\$ (1,689,322)	\$ (362,364)	\$ (484,710)
District's covered payroll	\$ 3,692,131	\$ 3,833,382	\$ 3,769,906	\$ 3,809,678	\$ 3,650,671	\$ 3,544,269	\$ 3,585,354	\$ 3,468,990	\$ 3,412,328	\$ 3,399,625
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	59.19 %	23.39 %	0.26 %	70.20 %	20.10 %	9.78 %	26.47 %	48.70 %	10.62 %	14.26 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,607,270	\$ 1,495,274	\$ 1,431,642	\$ 1,264,090	\$ 1,482,062	\$ 1,362,853	\$ 1,559,559	\$ 1,773,687	\$ 2,305,932	\$ 2,110,120
Contributions in relation to the contractually required contribution	<u>1,607,270</u>	<u>1,495,274</u>	<u>1,431,642</u>	<u>1,264,090</u>	<u>1,482,062</u>	<u>1,362,853</u>	<u>1,559,559</u>	<u>1,773,687</u>	<u>2,305,932</u>	<u>2,110,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,619,729	\$ 15,257,900	\$ 15,006,714	\$ 14,267,364	\$ 13,961,420	\$ 13,971,723	\$ 13,306,817	\$ 13,669,218	\$ 13,540,447	\$ 13,299,079
Contributions as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	12%	13%	17%	16%

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 421,935	\$ 532,526	\$ 522,908	\$ 525,477	\$ 507,172	\$ 522,521	\$ 480,601	\$ 563,150	\$ 624,587	\$ 660,258
Contributions in relation to the contractually required contribution	<u>421,935</u>	<u>532,526</u>	<u>522,908</u>	<u>525,477</u>	<u>507,172</u>	<u>522,521</u>	<u>480,601</u>	<u>563,150</u>	<u>624,587</u>	<u>660,258</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,439,850	\$ 4,096,408	\$ 3,813,441	\$ 3,803,049	\$ 3,682,740	\$ 3,570,870	\$ 3,486,613	\$ 3,614,593	\$ 3,473,662	\$ 3,410,183
Contributions as a percentage of covered payroll	10%	13%	14%	14%	14%	15%	14%	16%	18%	19%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of the Changes in The District's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 1,778,853	\$ 2,583,209	\$ 2,044,114	\$ 1,769,724	\$ 1,577,839	\$ 1,390,855
Interest on total OPEB liability	1,433,425	1,049,114	1,018,031	1,263,686	897,215	839,883
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(926,292)	-	(7,967,811)	-	(1,897,407)	118,746
Changes of assumptions or other inputs	5,902,201	(10,046,600)	7,703,343	7,428,146	6,118,768	-
Benefit payments	(868,143)	(853,323)	(809,628)	(741,473)	(640,503)	(610,455)
Net change in total OPEB liability	7,320,044	(7,267,600)	1,988,049	9,720,083	6,055,912	1,739,029
Total OPEB liability, beginning	39,143,671	46,411,271	44,423,222	34,703,139	28,647,227	26,908,198
Total OPEB liability, ending	<u>\$ 46,463,715</u>	<u>\$ 39,143,671</u>	<u>\$ 46,411,271</u>	<u>\$ 44,423,222</u>	<u>\$ 34,703,139</u>	<u>\$ 28,647,227</u>
Covered employee payroll	\$ 17,784,010	\$ 17,424,277	\$ 17,424,277	\$ 17,392,279	\$ 17,392,279	\$ 17,000,446
Total OPEB liability as a percentage of covered employee payroll	261.27%	224.65%	266.36%	255.42%	199.53%	168.51%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Healthcare trend rates	6.40% to 3.80% over 51 years	5.30% to 4.10% over 55 years	5.30% to 4.10% over 55 years	6.10% to 4.10% over 57 years	6.10% to 4.10% over 57 years	7.00% to 4.00% over 7 years

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Note to Required Supplementary Information

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.

The amounts presented for the fiscal year were determined as of the measurement date of the Plan.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 36,020,048
Additions:	
Prior year's encumbrances	<u>90,817</u>
Original Budget	36,110,865
Budget revision	<u>382,135</u>
Final Budget	<u><u>\$ 36,493,000</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u><u>\$ 38,885,897</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 1,555,436</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 123,122
Unassigned fund balance	<u>1,555,219</u>
	\$ 1,678,341
Less:	
Appropriated fund balance	96,090
Encumbrances	<u>27,032</u>
Total adjustments	<u>123,122</u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	<u><u>\$ 1,555,219</u></u>
Actual Percentage	4.00%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2023

PROJECT TITLE	Budget June 30, 2022	Budget June 30, 2023	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
District-wide Renovations	\$ 50,724	\$ -	\$	\$	\$ -	\$ -	\$	\$	\$	\$ -	\$ -
OMR gym hallway doors	19,115	19,115	19,115		19,115	-			19,115	19,115	-
Camp gym hallway doors	21,883	21,883	18,842		18,842	3,041			21,883	21,883	3,041
HDF gym hall & admin. doors	34,000	23,775	18,692		18,692	5,083			23,775	23,775	5,083
HDF masonry repair		35,616		35,616	35,616	-			35,616	35,616	-
OMR rooftop duct		71,148		68,705	68,705	2,443			71,148	71,148	2,443
District door hardware		10,754		8,745	8,745	2,009			10,754	10,754	2,009
Exterior door HDF		29,247		25,225	25,225	4,022			29,247	29,247	4,022
Boiler room HDF		8,384		6,377	6,377	2,007			8,384	8,384	2,007
Exterior stage door Camp		12,000		9,443	9,443	2,557			12,000	12,000	2,557
OMR playground grant - McKeivitt		200,000		200,000	200,000	-		200,000		200,000	-
HDF playground grant - DASNY		300,000			-	300,000		300,000		300,000	300,000
Security improvement - grant		150,000		147,926	147,926	2,074		150,000		150,000	2,074
HVAC OMR	70,000	209,015	3,663	204,214	207,877	1,138	25,000		184,015	209,015	1,138
HVAC Camp	70,000	213,785	3,663	210,121	213,784	1	25,724		188,061	213,785	1
Camp Window DASNY	150,000	100,000	69,417		69,417	30,583		100,000		100,000	30,583
Smart Bond School Connectivity	661,037	661,037	625,400		625,400	35,637		661,037		661,037	35,637
Capital Reserve											
HDF site work	73,000	73,000	71,818		71,818	1,182			73,000	73,000	1,182
OMR asbestos & boiler floor	59,000	57,554	55,549		55,549	2,005			57,554	57,554	2,005
Camp asbestos & floor	93,000	94,446	26,990		26,990	67,456			94,446	94,446	67,456
Capital Leases		302,985		302,985	302,985		302,985			302,985	-
Totals	<u>\$ 1,301,759</u>	<u>\$ 2,593,744</u>	<u>\$ 913,149</u>	<u>\$ 1,219,357</u>	<u>\$ 2,132,506</u>	<u>\$ 461,238</u>	<u>\$ 353,709</u>	<u>\$ 1,411,037</u>	<u>\$ 828,998</u>	<u>\$ 2,593,744</u>	461,238
									Grant revenue not yet recognized		(687,838)
											<u>\$ (226,600)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2023

Capital assets, net	<u>\$ 20,070,737</u>
Deductions:	
Accounts payable	144,402
Short-term portion of bonds payable	860,000
Long-term portion of bonds payable	9,865,000
Premium on bonds payable	181,105
Short-term portion of lease liabilities	166,247
Long-term portion of lease liabilities	<u>294,170</u>
	<u>11,510,924</u>
Net Investment in Capital Assets	<u><u>\$ 8,559,813</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
North Merrick 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 North Merrick Union Free School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2023.

Report on 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 a 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 or significant deficiencies may exist that were not identified.

Report on 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*.

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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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP

Islandia, New York

October 10, 2023