

**NORTH MERRICK UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**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 the fiduciary fund of the North Merrick Union Free School District (the "District") as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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.

***Emphasis of Matter***

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

***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 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 the District's proportionate share of the net pension asset/(liability), the schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 3 through 16 and 53 through 57 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 11, 2022, 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 11, 2022

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

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The North Merrick Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022 in comparison with the year ended June 30, 2021, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position was a deficit of \$24,124,848 in the district-wide financial statements at June 30, 2022, compared to a deficit of \$25,109,896 at June 30, 2021. The deficit decreased by \$985,048 from the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of this Statement resulted in a restatement of capital assets and lease liabilities each increasing by \$361,495. There was no impact on total net position.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$35,643,906. Of this amount, \$2,880,936 was offset by program charges for services and operating grants. General revenues of \$33,748,018 amount to 92.13% of total revenues and were adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$6,070,334 at June 30, 2022. This balance represents an \$807,315 (15.34%) 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 decreased by \$564,425 due to the use of reserves net of funding of reserves and interest allocated.
  - Assigned fund balance increased \$17,561, due to the District's increase in unappropriated fund balance, offset by a decrease in fund balance appropriated to fund the 2023 budget.
  - Unassigned fund balance increased by \$1,354,179 to \$2,740,797.
- The District was awarded funding in the amount of \$1,121,102 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and \$971,891 allocated under the American Rescue Plan (ARP) Act. As of June 30, 2022, the District has expended \$1,388,296 of these funds.
- On May 18, 2017, the District issued serial bonds in the amount of \$14,650,000 to fund improvements to the District's facilities. As of June 30, 2022, the District has expended \$14,599,276 related to these capital projects.
- The District's 2022 property tax levy including STAR of \$24,370,793 was a 1.56% increase over the 2021 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.

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

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**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:



**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 flow in future fiscal periods.

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

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**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 debt, 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.

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 Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and 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.



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

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

**A. Net Position**

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record both a capital asset and the related liability in the amount of \$361,495; however, these changes had no impact on total net position. Additionally, the June 30, 2021 net investment in capital assets and unrestricted (deficit) were decreased by \$250,372, resulting from a reclassification of premium on obligations. This reclassification also had no effect on total net position.

The District's total net position increased by \$985,048 between fiscal year 2022 and 2021. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and Other Assets	\$ 9,482,657	\$ 8,386,829	\$ 1,095,828	13.07 %
Capital Assets, Net	19,752,087	20,484,337	(732,250)	(3.57)%
Net Pension Assets -				
Proportionate Share	16,217,774	-	16,217,774	N/A
Total Assets	<u>45,452,518</u>	<u>28,871,166</u>	<u>16,581,352</u>	57.43 %
<b>Deferred Outflows of Resources</b>	<u>24,182,721</u>	<u>26,587,518</u>	<u>(2,404,797)</u>	(9.04)%
<b>Liabilities</b>				
Current and Other Liabilities	2,960,295	2,842,414	117,881	4.15 %
Long-Term Liabilities	15,755,112	16,652,382	(897,270)	(5.39)%
Net Pension Liabilities -				
Proportionate Share	-	2,332,603	(2,332,603)	(100.00)%
Total OPEB Liability	<u>39,143,671</u>	<u>46,411,271</u>	<u>(7,267,600)</u>	(15.66)%
Total Liabilities	<u>57,859,078</u>	<u>68,238,670</u>	<u>(10,379,592)</u>	(15.21)%
<b>Deferred Inflows of Resources</b>	<u>35,901,009</u>	<u>12,329,910</u>	<u>23,571,099</u>	191.17 %
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	7,675,555	7,553,194	122,361	1.62 %
Restricted	3,014,585	3,579,010	(564,425)	(15.77)%
Unrestricted (Deficit)	<u>(34,814,988)</u>	<u>(36,242,100)</u>	<u>1,427,112</u>	3.94 %
Total Net Position (Deficit)	<u>\$ (24,124,848)</u>	<u>\$ (25,109,896)</u>	<u>\$ 985,048</u>	3.92 %

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

The decrease in capital assets, net is due to depreciation and amortization expense in excess of capital outlays and other additions. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

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

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Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from liabilities to assets. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State", 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, collections in advance, and accrued liabilities, offset by decreases in accounts payable and amounts due to the employees' retirement system.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness.

Net pension liabilities – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The decrease is due to the shift from net pension liabilities in the prior year to net pension assets in the current year. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State", provides additional information.

The OPEB liability decrease, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "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 and amortization, and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves, which decreased from the prior year, mainly due to the appropriation of reserves to fund current year expenses in excess of transfers into the reserves, and interest earned on 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 STAR (school tax relief) 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, 2022 and 2021 is as follows:

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

	2022	2021	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 188,473	\$ 201,903	\$ (13,430)	(6.65)%
Operating Grants	2,692,463	1,047,534	1,644,929	157.03 %
Capital Grants	-	628,460	(628,460)	(100.00)%
General Revenues				
Property Taxes and STAR	24,370,793	23,996,420	374,373	1.56 %
State Sources	8,808,360	8,010,015	798,345	9.97 %
Other	568,865	813,097	(244,232)	(30.04)%
Total Revenues	<u>36,628,954</u>	<u>34,697,429</u>	<u>1,931,525</u>	5.57 %
<b>Expenses</b>				
General Support	6,097,147	6,665,486	(568,339)	(8.53)%
Instruction	27,981,779	31,596,547	(3,614,768)	(11.44)%
Pupil Transportation	608,064	503,829	104,235	20.69 %
Debt Service - Interest	372,074	380,176	(8,102)	(2.13)%
Food Service Program	584,842	399,096	185,746	46.54 %
Total Expenses	<u>35,643,906</u>	<u>39,545,134</u>	<u>(3,901,228)</u>	(9.87)%
Increase/(Decrease) in Net Position	<u>\$ 985,048</u>	<u>\$ (4,847,705)</u>	<u>\$ 5,832,753</u>	(120.32)%

The District's net position increased by \$985,048 and decreased by \$4,847,705 for the years ended June 30, 2022 and 2021, respectively. Information for 2021 was not restated because the information necessary was not readily available. The cumulative effect of applying the change in accounting principle is shown as an adjustment to the beginning net position.

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

- Operating grants increased as the District was awarded funding under the Coronavirus Response and the Relief Supplemental Appropriations (CRRSA) Act, the American Rescue Plan (ARP) Act and the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program.
- The increase in state sources is chiefly due to the District receiving more in general aid, offset by decreases in BOCES aid and lottery aid.
- Real property taxes was increased to fund anticipated increases in appropriations in the voter-approved 2021-2022 budget, negated by the decrease in STAR revenue.
- Capital grants decreased, as the District did not have capital improvements funded by the SMART Schools Bond Act, in the current year.

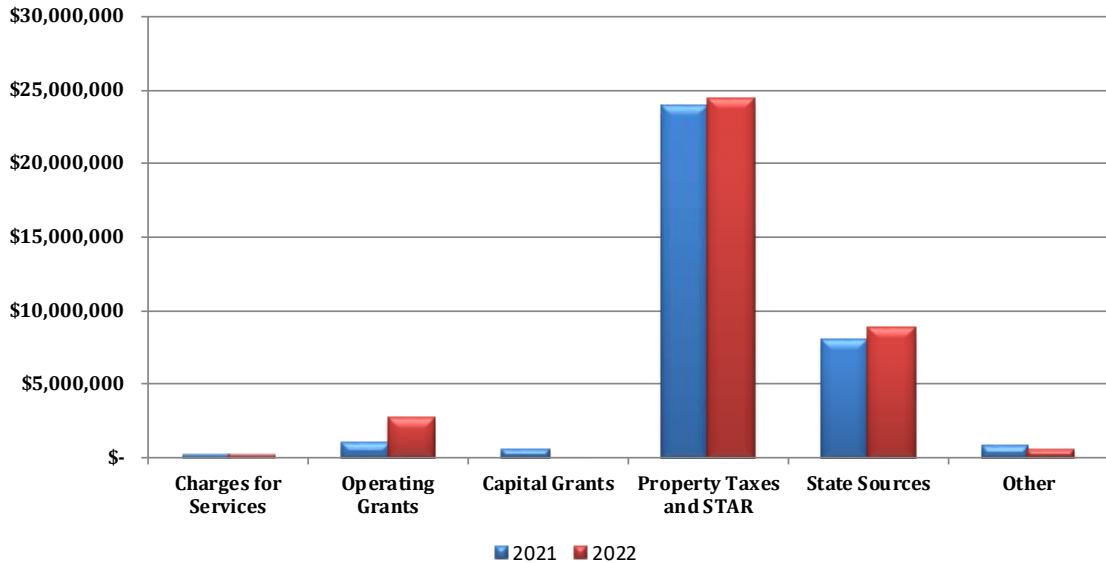
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.
- The food service program increased due to the growth in the number of students receiving breakfast and lunch, as the meals were free to all students during the year.

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

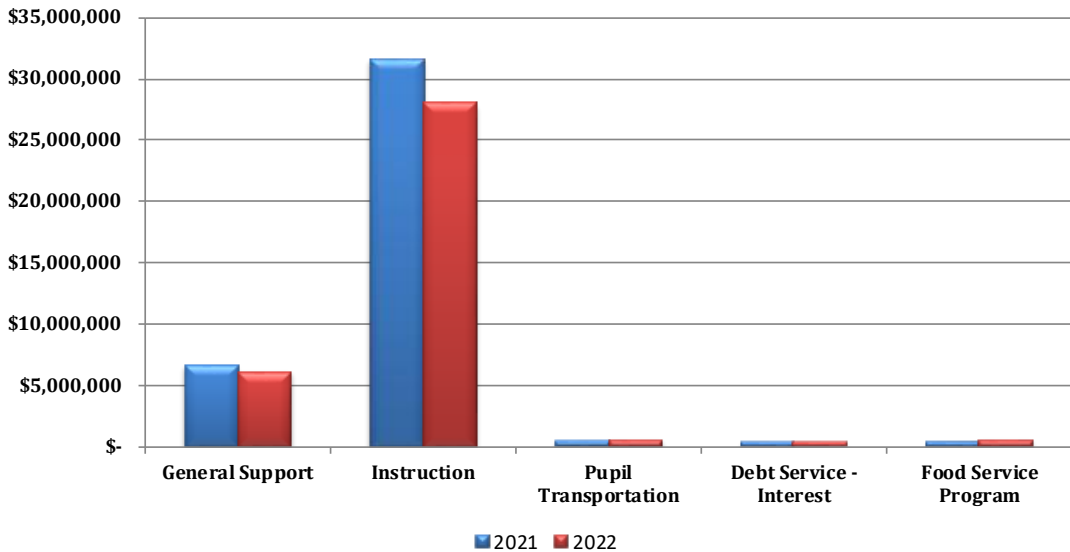
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 66.5% and 69.2% of the total for the years 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 78.6% and 79.8% of the total for the years 2022 and 2021, respectively).

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
<b>2021</b>	0.6%	3.0%	1.8%	69.2%	23.1%	2.3%
<b>2022</b>	0.5%	7.4%	0.0%	66.5%	24.0%	1.6%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
<b>2021</b>	16.9%	79.8%	1.3%	1.0%	1.0%
<b>2022</b>	17.1%	78.6%	1.7%	1.0%	1.6%

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

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$5,926,873, which is an increase of \$976,957 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:

	2022	2021	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Restricted:				
Unemployment insurance	\$ 70,131	\$ 70,101	\$ 30	0.04 %
Retirement contribution:				
Teachers' retirement system	295,381	285,551	9,830	3.44 %
Employees' retirement system	1,222,208	1,761,205	(538,997)	(30.60)%
Insurance	145,261	145,146	115	0.08 %
Employee benefit accrued liability	981,950	1,139,602	(157,652)	(13.83)%
Capital	227,841	105,592	122,249	115.77 %
Assigned:				
Appropriated fund balance	295,948	343,167	(47,219)	(13.76)%
Unappropriated fund balance	90,817	26,037	64,780	248.80 %
Unassigned: Fund balance	2,740,797	1,386,618	1,354,179	97.66 %
	<u>6,070,334</u>	<u>5,263,019</u>	<u>807,315</u>	15.34 %
<b>School Food Service Fund</b>				
Nonspendable: Inventory	5,812	2,679	3,133	116.95 %
Assigned: Unappropriated fund balance	121,984	26,792	95,192	355.30 %
	<u>127,796</u>	<u>29,471</u>	<u>98,325</u>	333.63 %
<b>Debt Service Fund</b>				
Restricted debt service	1,170	1,170	-	0.00 %
<b>Capital Projects Fund</b>				
Restricted:				
Capital	70,643	70,643	-	0.00 %
Unspent bond proceeds	50,724	50,724	-	0.00 %
Unassigned: Fund balance (deficit)	(393,794)	(465,111)	71,317	15.33 %
	<u>(272,427)</u>	<u>(343,744)</u>	<u>71,317</u>	20.75 %
Total Fund Balance	<u>\$ 5,926,873</u>	<u>\$ 4,949,916</u>	<u>\$ 976,957</u>	19.74 %

**A. General Fund**

The general fund – fund balance net is an increase of \$807,315 or 15.34% compared to a decrease of \$595,131 in 2021. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

Revenues and other financing sources increased by \$1,775,403 or 5.33%, as compared to the prior year. The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year:

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

- Other financing sources consisted of a transfer from the special aid fund to the general fund and represents grant money received from the CARES Act that was used to reimburse the general fund for the prior year pandemic related expenditures. The District did not make a similar transfer in the prior year.
- State sources increased mainly due to more Basic Formula Aid, offset by the decrease in BOCES aid.
- Property taxes increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget, negated by the decrease in STAR credit.
- Miscellaneous decreased as the District received less in refunds from BOCES and prior year expenditures.
- The decrease in other tax items is due to the District receiving less in STAR aid than it had in the prior year.
- The decrease in federal aid is mainly due to the District receiving federal funds through the Town of Hempstead to fund costs related to the COVID-19 pandemic, as well as grant funds through the CARES Act in the prior year.

Expenditures and other financing uses increased by 1.10% as compared to the prior year. The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

- Employee benefits increased due to higher cost of hospital, medical and dental insurance. Also the increase of pension contribution rates to the New York State Teachers' Retirement and Employees' Retirement Systems, as well as STEP and salary increases, and payments made to retirees for incentives and unused sick time.
- The increase in the debt service and the decrease in instruction costs is due to the implementation of GASB No. 87. The instructional media account decreased due to reclassification of leased assets for smart boards and Chromebooks into debt service for leases.
- Pupil transportation increased in association with the school operating at full capacity for the entire school year, as opposed to the hybrid model during the prior year.

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

	Balance @ June 30, 2021	Use of Reserves	Interest	Funding	Balance @ June 30, 2022
Unemployment insurance	\$ 70,101	\$ (26)	\$ 56	\$	\$ 70,131
Retirement contribution:					
TRS	285,551	(200,396)	226	210,000	295,381
ERS	1,761,205	(540,392)	1,395		1,222,208
Insurance	145,146		115		145,261
EBALR	1,139,602	(158,555)	903		981,950
Capital					
2015	105,592		84		105,676
2019	-			122,165	122,165
	<u>\$ 3,507,197</u>	<u>\$ (899,369)</u>	<u>\$ 2,779</u>	<u>\$ 332,165</u>	<u>\$ 2,942,772</u>

Additional detail regarding capital reserves can be found in Note 21 "Restricted for Capital Reserve."

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

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**B. School Food Service Fund**

The school food service fund - fund balance net increase can be attributed to greater state and federal reimbursements, based on an Executive Order, exceeding the cost of distributing free meals to all students of the District.

**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 2022-2023 school year.

**D. Capital Projects Fund**

The capital projects fund – fund balance net increase is the result of general fund budgeted transfers exceeding capital expenditures.

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

	Balance @ June 30, 2021	Use of Reserves	Funding	Balance @ June 30, 2022
2015 Capital Reserve	\$ 70,643	\$ -	\$ -	\$ 70,643

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2021-2022 Budget**

The District's general fund adopted budget for the year ended June 30, 2022 was \$34,665,460. This amount was increased by encumbrances carried forward from the prior year in the amount of \$26,037. The District also appropriated an additional \$158,555 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve for a total final budget of \$34,580,052.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$24,370,793 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 expenditures for the year compared to budget follows:

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

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Opening, Unassigned Fund Balance	\$ 1,386,618
Revenues and Other Financing Sources Over Budget	1,611,461
Expenditures, Other Financing Uses, and Encumbrances Under Budget	484,192
Unused Appropriated Reserves	(110,582)
Allocation to Reserves	(334,944)
Appropriated to Fund the June 30, 2023 Budget	<u>(295,948)</u>
Closing, Unassigned Fund Balance	<u>\$ 2,740,797</u>

Opening, Unassigned Fund Balance

The \$1,386,618 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Revenues and Other Financing Sources Over Budget

The 2021-2022 final budget for revenues and other financing sources was \$33,470,897. Actual revenue and other financing sources recognized for the year were \$35,082,358. The excess of actual revenues and other financing sources over estimated or budgeted revenues and other financing sources was \$1,611,461, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. 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 2021-2022 final budget for expenditures and other financing uses was \$34,850,052. Actual expenditures and other financing uses as of June 30, 2022 were \$34,275,043 and outstanding encumbrances were \$90,817. Combined, the expenditures and other financing uses plus encumbrances for 2021-2022 were \$34,365,860. The final budget variance was \$484,192, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. 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 2021-2022 budget, \$851,396 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$110,582 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 Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.



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

Appropriated Fund Balance

The District has chosen to use \$295,948 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 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, 2022 was \$2,740,797. This amount equals 7.61% of the 2022-2023 budget and is in excess of the 4% statutory limit.

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

**A. Capital Assets**

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation and amortization expense of \$1,009,981 in excess of capital additions of \$277,731 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>As Restated 2021</u>	<u>Increase (Decrease)</u>
Land	\$ 120,104	\$ 120,104	\$ -
Construction in progress	913,149	839,466	73,683
Buildings & building improvements	17,653,126	18,384,316	(731,190)
Site improvements	475,079	517,611	(42,532)
Furniture & equipment	229,921	246,673	(16,752)
Vehicles	9,557	14,672	(5,115)
Leased equipment and fixtures	<u>351,151</u>	<u>361,495</u>	<u>(10,344)</u>
Capital assets, net	<u>\$ 19,752,087</u>	<u>\$ 20,484,337</u>	<u>\$ (732,250)</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of leased equipment and fixtures.

**B. Debt Administration**

At June 30, 2022, the District had combined total debt of \$11,912,750. 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, 2022 is as follows:

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

	Issue/ Commencement Date	Interest Rate	2022	As Restated 2021	Increase (Decrease)
<b>Bonds Payable</b>					
Serial Bond	2017	3.00%	\$ 11,560,000	\$ 12,370,000	\$ (810,000)
<b>Lease Liabilities</b>					
Postage Machine -					
8031984 & 8031985	2/1/2022	0.71%	\$ 18,545	\$ -	\$ 18,545
Chomebooks - LOI 696972	10/10/2019	1.93%	7,023	12,521	(5,498)
Chomebooks - LOI 671498	7/18/2021	2.23%	23,094	45,679	(22,585)
Smart Boards - LOI 744139	10/29/2020	1.03%	14,609	20,994	(6,385)
Chomebooks - LOI 694607	9/5/2019	1.83%	3,402	6,261	(2,859)
Chomebooks - LOI 740834	9/10/2020	0.97%	123,169	179,149	(55,980)
Chomebooks - LOI 786969	9/9/2021	3.03%	38,934	-	38,934
Smart Boards - LOI 657303	10/22/2018	2.99%	5,282	9,368	(4,086)
Smart Boards - LOI 713838	1/23/2020	2.04%	16,837	27,779	(10,942)
Xerox Copier - LOI 807740	11/8/2021	0.55%	68,498	-	68,498
Xerox Copier - LOI 748284	9/18/2020	0.41%	22,374	29,380	(7,006)
Xerox Copier - LOI 630385	1/3/2018	0.14%	2,042	6,120	(4,078)
Xerox Copier - LOI 628924	2/25/2018	0.19%	8,941	24,244	(15,303)
			<u>\$ 352,750</u>	<u>\$ 361,495</u>	<u>\$ (8,745)</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities

The District's latest underlying long-term credit rating from Moody's Investor Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2022 are approximately 3.43% of the District's debt limit.

**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 other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences payable	\$ 3,627,856	\$ 3,670,515	\$ (42,659)
Net pension liabilities - proportionate share	-	2,332,603	(2,332,603)
Total OPEB liability	<u>39,143,671</u>	<u>46,411,271</u>	<u>(7,267,600)</u>
	<u>\$ 42,771,527</u>	<u>\$ 52,414,389</u>	<u>\$ (9,642,862)</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 17, 2022, for the year ending June 30, 2023, is \$36,020,048. This is an increase of \$1,354,588 or 3.91% over the previous year's budget.

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

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The District budgeted revenues other than property taxes and STAR at a \$1,025,547 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$295,948 is a decrease of \$47,219 from the previous year. Additionally, the District has elected to appropriate \$740,000 of reserves towards the next year's budget, which is a decrease of \$111,396 from the previous year. A property tax increase of \$487,656 (2%), 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 2022-2023 is 2%. The District's 2022-2023 property tax increase of 2% was equal to the tax cap and did not require an override vote.

**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 McDaid  
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, 2022

**ASSETS**

Cash		
Unrestricted	\$	2,342,921
Restricted		3,065,309
Receivables		
Taxes receivable		354,687
Accounts receivable		3,558
Due from state and federal		3,585,784
Due from other governments		124,586
Inventory		5,812
Capital assets:		
Not being depreciated or amortized		1,033,253
Being depreciated or amortized, net of accumulated depreciation and amortization		18,718,834
Net pension assets - proportionate share		16,217,774
		<u>16,217,774</u>
Total Assets		<u>45,452,518</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions		10,760,820
Other postemployment benefits		13,421,901
		<u>13,421,901</u>
Total Deferred Outflows of Resources		<u>24,182,721</u>

**LIABILITIES**

Payables		
Accounts payable		429,245
Accrued liabilities		525,217
Due to teachers' retirement system		1,577,889
Due to employees' retirement system		107,473
Compensated absences		154,868
Other liabilities		81,936
Unearned credits		
Collections in advance		83,667
Long-term liabilities		
Due and payable within one year		
Bonds payable, net		868,401
Lease liabilities		156,241
Due and payable after one year		
Bonds payable, net		10,906,105
Lease liabilities		196,509
Compensated absences payable		3,627,856
Total other postemployment benefits liability		39,143,671
		<u>39,143,671</u>
Total Liabilities		<u>57,859,078</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions		20,282,954
Other postemployment benefits		15,618,055
		<u>15,618,055</u>
Total Deferred Inflows of Resources		<u>35,901,009</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets		7,675,555
		<u>7,675,555</u>
Restricted:		
Unemployment insurance		70,131
Retirement contribution		
Teachers' retirement system		295,381
Employees' retirement system		1,222,208
Insurance		145,261
Employee benefit accrued liability		981,950
Capital		298,484
Debt		1,170
		<u>3,014,585</u>
Unrestricted (deficit)		<u>(34,814,988)</u>
Total Net Position (Deficit)		<u>\$ (24,124,848)</u>

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**

**Statement of Activities**

For the Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 6,097,147	\$	\$ 23,084	\$ (6,074,063)
Instruction	27,981,779	187,093	1,989,662	(25,805,024)
Pupil transportation	608,064			(608,064)
Debt service - interest	372,074			(372,074)
Food service program	584,842	1,380	679,717	96,255
Total Functions and Programs	<u>\$ 35,643,906</u>	<u>\$ 188,473</u>	<u>\$ 2,692,463</u>	<u>(32,762,970)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				21,930,807
Other tax items				2,758,861
Use of money and property				36,084
Sale of property and compensation for loss				35,423
Miscellaneous				169,351
State sources				8,808,360
Medicaid reimbursement				9,132
Total General Revenues				<u>33,748,018</u>
Change in Net Position				985,048
Total Net Position (Deficit) - Beginning of Year				<u>(25,109,896)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (24,124,848)</u>

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 2,163,653	\$ 32,229	\$ 35,731	\$	\$ 111,308	\$ 2,342,921
Restricted	2,943,942				121,367	3,065,309
Receivables						
Taxes receivable	354,687					354,687
Accounts receivable	3,558					3,558
Due from other funds	1,899,434	132,954		1,170		2,033,558
Due from state and federal	1,402,716	1,360,903	196,765		625,400	3,585,784
Due from other governments	124,586					124,586
Inventory			5,812			5,812
Total Assets	<u>\$ 8,892,576</u>	<u>\$ 1,526,086</u>	<u>\$ 238,308</u>	<u>\$ 1,170</u>	<u>\$ 858,075</u>	<u>\$ 11,516,215</u>
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 297,113	\$ 2,260	\$	\$	\$ 129,872	\$ 429,245
Accrued liabilities	466,652	765				467,417
Due to other funds	108,422	1,490,016	59,890		375,230	2,033,558
Due to teachers' retirement system	1,577,889					1,577,889
Due to employees' retirement system	107,473					107,473
Compensated absences	154,868					154,868
Other liabilities	81,936					81,936
Unearned credits						
Collections in advance		33,045	50,622			83,667
Total Liabilities	<u>2,794,353</u>	<u>1,526,086</u>	<u>110,512</u>	<u>-</u>	<u>505,102</u>	<u>4,936,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	27,889				625,400	653,289
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable: Inventory			5,812			5,812
Restricted:						
Unemployment insurance	70,131					70,131
Retirement contribution						
Teachers' retirement system	295,381					295,381
Employees' retirement system	1,222,208					1,222,208
Insurance	145,261					145,261
Employee benefit accrued liability	981,950					981,950
Capital	227,841				70,643	298,484
Debt				1,170		1,170
Unspent bond proceeds					50,724	50,724
Assigned:						
Appropriated fund balance	295,948					295,948
Unappropriated fund balance	90,817		121,984			212,801
Unassigned: Fund balance (deficit)	<u>2,740,797</u>				<u>(393,794)</u>	<u>2,347,003</u>
Total Fund Balances (Deficit)	<u>6,070,334</u>	<u>-</u>	<u>127,796</u>	<u>1,170</u>	<u>(272,427)</u>	<u>5,926,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,892,576</u>	<u>\$ 1,526,086</u>	<u>\$ 238,308</u>	<u>\$ 1,170</u>	<u>\$ 858,075</u>	<u>\$ 11,516,215</u>

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

June 30, 2022

Total Governmental Fund Balances \$ 5,926,873

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	\$ 27,733,496	
Less: Accumulated depreciation and amortization	<u>(7,981,409)</u>	
		19,752,087

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

Net pension asset - teachers' retirement system	15,321,323	
Net pension asset - employees' retirement system	896,451	
Deferred outflows of resources	10,760,820	
Deferred inflows of resources	<u>(20,282,954)</u>	
		6,695,640

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	13,421,901	
Total other postemployment benefits liability	(39,143,671)	
Deferred inflows of resources	<u>(15,618,055)</u>	
		(41,339,825)

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.

653,289

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 bonds payable	(57,800)	
Bonds payable, net	(11,774,506)	
Lease liabilities	(352,750)	
Compensated absences payable	<u>(3,627,856)</u>	
		<u>(15,812,912)</u>

Total Net Position (Deficit)		<u>\$ (24,124,848)</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, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 21,930,807	\$	\$	\$	\$	\$ 21,930,807
Other tax items	2,758,861					2,758,861
Charges for services	187,093					187,093
Use of money and property	36,084					36,084
Sale of property and compensation for loss	35,423					35,423
Miscellaneous	169,351					169,351
State sources	8,811,420	218,128	12,679			9,042,227
Medicaid Reimbursement	9,132					9,132
Federal sources	23,084	1,771,534	667,038			2,461,656
Sales			1,380			1,380
<b>Total Revenues</b>	<b>33,961,255</b>	<b>1,989,662</b>	<b>681,097</b>	<b>-</b>	<b>-</b>	<b>36,632,014</b>
<b>EXPENDITURES</b>						
General support	4,948,233					4,948,233
Instruction	18,760,443	850,214				19,610,657
Pupil transportation	542,138	65,926				608,064
Employee benefits	8,457,141					8,457,141
Debt service						
Principal	962,517					962,517
Interest	411,990					411,990
Food service program			582,772			582,772
Capital outlay					217,455	217,455
<b>Total Expenditures</b>	<b>34,082,462</b>	<b>916,140</b>	<b>582,772</b>	<b>-</b>	<b>217,455</b>	<b>35,798,829</b>
Excess (Deficiency) of Revenues Over Expenditures	(121,207)	1,073,522	98,325	-	(217,455)	833,185
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Proceeds of obligations					143,772	143,772
Operating transfers in	1,121,103	47,581			145,000	1,313,684
Operating transfers (out)	(192,581)	(1,121,103)				(1,313,684)
<b>Total Other Financing Sources and (Uses)</b>	<b>928,522</b>	<b>(1,073,522)</b>	<b>-</b>	<b>-</b>	<b>288,772</b>	<b>143,772</b>
<b>Net Change in Fund Balances</b>	<b>807,315</b>	<b>-</b>	<b>98,325</b>	<b>-</b>	<b>71,317</b>	<b>976,957</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>5,263,019</b>	<b>-</b>	<b>29,471</b>	<b>1,170</b>	<b>(343,744)</b>	<b>4,949,916</b>
<b>End of Year</b>	<b>\$ 6,070,334</b>	<b>\$ -</b>	<b>\$ 127,796</b>	<b>\$ 1,170</b>	<b>\$ (272,427)</b>	<b>\$ 5,926,873</b>



**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, 2022

Net Change in Fund Balances \$ 976,957

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. \$ (3,060)

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 42,659

Capital Related Differences 39,599

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 and amortization expense in the Statement of Activities. This is the amount by which, depreciation and amortization expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions 277,731  
 Depreciation expense and amortization (1,009,981) (732,250)

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. (143,772)

The amortization of deferred premium on bond issuance, decreases interest expense in the Statement of Activities. 35,866

Repayment of long-term debt 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.

Repayment of bond principal 810,000  
 Repayment of lease liabilities 152,517

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, 2021 to June 30, 2022. 4,050

858,661

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 2,359,061  
 Employees' retirement system 370,983  
 Other postemployment benefits (2,887,963) (157,919)

Change in Net Position (Deficit) of Governmental Activities \$ 985,048

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2022

	Custodial
<b>ASSETS</b>	
Due from other governments	\$ 319,061
 <b>LIABILITIES</b>	
Due to other governments	319,061
 <b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	\$ -

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2022

	Custodial
<b>ADDITIONS</b>	
Real property taxes and PILOT collected for other governments:	
Central High School District	\$ 19,053,128
Library	2,819,476
Total Additions	21,872,604
 <b>DEDUCTIONS</b>	
Disbursements of real property taxes and PILOT to other governments	21,872,604
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**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. 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)

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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 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 acquisition, construction, renovation or major repair 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 payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

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

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**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, compensated absences, pension costs and other postemployment benefits, 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 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. 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)

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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 revenues.

**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.

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 \$292,821 in LIPA PILOT revenue during the 2021-2022 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)

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

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

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, pension costs, other postemployment benefits, 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)

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**M. Capital Assets**

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated or 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 position 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 asset or liability 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 other postemployment benefits 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)

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**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. 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 time.

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 30<sup>th</sup>.

**R. Other Benefits**

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

District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code Section 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. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of

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

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providing health insurance by recording its share of insurance premiums as an expenditure in the 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 and debt service 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 position 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 other postemployment benefits 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 and amortization) reduced by outstanding balances of related debt obligations from the acquisitions, 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)

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*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 includes the 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 New York State and Local Employees' Retirement System. 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. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

*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.

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

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There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the 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 benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. 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.

*Restricted – Unspent Bond Proceeds*

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

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance 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.

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

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Fund Balance Classification

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

The Board of Education 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. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

**3. FUTURE ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB statements issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

**Effective for the Year Ending**  
June 30, 2023

**Statement**  
GASB No. 96 - *Subscription Based*  
*Information Technology Agreements*

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

**4. 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.

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

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**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.

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 of capital items in the fund statements and depreciation and 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 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 benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

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

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**5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

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

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

Appropriations are 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 of Education 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 \$158,555 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve.

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. Unassigned Fund Balance**

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

**D. Capital Projects Fund Deficit**

The capital projects fund has an unassigned fund balance deficit of \$393,794. This will be funded when the District receives grant revenue from the state through the Smart Schools Bond Act.

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

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**6. 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.

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.

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2022, the District was billed \$1,957,798 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$685,650. 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.

**8. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2022 consisted of:

General Fund	
New York State - excess cost aid	\$ 1,068,928
CARES aid	24,532
BOCES aid	309,256
	<u>1,402,716</u>
Special Aid Fund	
Federal and state grants	1,360,903
School Food Service Fund	
Federal and state food service program reimbursements	196,765
Capital Projects Fund	
Federal and state grants	625,400
	<u>\$ 3,585,784</u>

District management expects these amounts to be fully collectible.



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

**9. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2022 consisted of:

General Fund		
Other districts - tuition	\$	99,517
Other districts - health services		19,738
Medicaid claims		5,331
		<u>124,586</u>
	\$	<u>124,586</u>

District management expects these amounts to be fully collectible.

**10. CAPITAL ASSETS**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the inclusion of leased equipment and fixtures as capital assets. As a result, capital assets at June 30, 2021 were increased \$361,495. Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated or amortized:				
Land	\$ 120,104	\$	\$	\$ 120,104
Construction in progress	<u>839,466</u>	<u>76,743</u>	<u>(3,060)</u>	<u>913,149</u>
Total capital assets not being depreciated or amortized	<u>959,570</u>	<u>76,743</u>	<u>(3,060)</u>	<u>1,033,253</u>
Capital assets being depreciated & amortized:				
Buildings & building improvements	23,443,182			23,443,182
Site improvements	1,585,189			1,585,189
Furniture & equipment	989,781	60,276	(12,242)	1,037,815
Vehicles	128,790			128,790
Leased equipment and fixtures	<u>361,495</u>	<u>143,772</u>		<u>505,267</u>
Total capital assets being depreciated & amortized	<u>26,508,437</u>	<u>204,048</u>	<u>(12,242)</u>	<u>26,700,243</u>
Less accumulated depreciation & amortization for:				
Buildings & building improvements	5,058,866	731,190		5,790,056
Site improvements	1,067,578	42,532		1,110,110
Furniture & equipment	743,108	77,028	(12,242)	807,894
Vehicles	114,118	5,115		119,233
Leased equipment and fixtures	-	154,116		154,116
Total accumulated depreciation & amortization	<u>6,983,670</u>	<u>1,009,981</u>	<u>(12,242)</u>	<u>7,981,409</u>
Total capital assets being depreciated & amortized, net	<u>19,524,767</u>	<u>(805,933)</u>	<u>-</u>	<u>18,718,834</u>
Capital assets, net	<u>\$ 20,484,337</u>	<u>\$ (729,190)</u>	<u>\$ (3,060)</u>	<u>\$ 19,752,087</u>

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

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

General support	\$ 17,525
Instruction	990,386
Food service program	<u>2,070</u>
Total depreciation & amortization expense	<u>\$ 1,009,981</u>

**B. Lease Liabilities**

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between 4 and 5 years with discount rates ranging from 0.14% to 3.03%. These leases are included in leased equipment and fixtures included 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, 2022, the District has not recorded any such impairment losses.

**11. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2022, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,899,434	\$ 108,422	\$ 1,121,103	\$ 192,581
Special Aid Fund	132,954	1,490,016	47,581	1,121,103
School Food Service Fund		59,890		
Debt Service Fund	1,170			
Capital Projects Fund		<u>375,230</u>	<u>145,000</u>	
	<u>\$ 2,033,558</u>	<u>\$ 2,033,558</u>	<u>\$ 1,313,684</u>	<u>\$ 1,313,684</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 CARES Act that was sent back to the general fund to cover prior year pandemic related expenditures.

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

**12. SHORT-TERM DEBT**

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2021</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2022</u>
TAN	6/24/2022	1.00%	\$ -	\$ 4,900,000	\$ (4,900,000)	\$ -

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 \$35,933. The District received a premium of \$27,048, which is included in miscellaneous revenue in the general fund. The effective interest rate was 0.2473%.

**13. LONG-TERM LIABILITIES**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the inclusion of lease liabilities. As a result, long-term liabilities at June 30, 2021 were increased \$361,495. Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	<u>As Restated Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Long-term debt:					
Bonds payable	\$ 12,370,000	\$ -	\$ (810,000)	\$ 11,560,000	\$ 835,000
Premium on obligation	250,372	-	(35,866)	214,506	33,401
	<u>12,620,372</u>	<u>-</u>	<u>(845,866)</u>	<u>11,774,506</u>	<u>868,401</u>
Lease liabilities	361,495	143,772	(152,517)	352,750	156,241
Other long-term liabilities:					
Compensated absences	3,670,515	-	(42,659)	3,627,856	-
	<u>\$ 16,652,382</u>	<u>\$ 143,772</u>	<u>\$ (1,041,042)</u>	<u>\$ 15,755,112</u>	<u>\$ 1,024,642</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2022</u>
Serial bond - Improvements to facilities	5/18/2017	5/1/2034	3.00%	<u>\$ 11,560,000</u>

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

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 835,000	\$ 346,800	\$ 1,181,800
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 - 2032	5,210,000	764,700	5,974,700
2033 - 2034	1,905,000	79,950	1,984,950
Total	<u>\$ 11,560,000</u>	<u>\$ 2,320,200</u>	<u>\$ 13,880,200</u>

**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
2023	\$ 33,401
2024	30,860
2025	28,237
2026	25,532
2027	22,744
2028 - 2032	68,599
2033 - 2034	5,133
Total	<u>\$ 214,506</u>

**D. Lease Liabilities**

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Postage Machine - 8031984 & 8031985	2/1/2022	1/1/2027	0.710%	\$ 18,545
Chomebooks - LOI 696972	10/10/2019	9/10/2023	1.930%	7,023
Chomebooks - LOI 671498	7/18/2021	6/18/2023	2.230%	23,094
Smart Boards - LOI 744139	10/29/2020	9/24/2024	1.030%	14,609
Chomebooks - LOI 694607	9/5/2019	8/5/2023	1.830%	3,402
Chomebooks - LOI 740834	9/10/2020	8/10/2024	0.970%	123,169
Chomebooks - LOI 786969	9/9/2021	8/9/2026	3.030%	38,934
Smart Boards - LOI 657303	10/22/2018	9/22/2023	2.990%	5,282
Smart Boards - LOI 713838	1/23/2020	12/23/2023	2.040%	16,837
Xerox Copier - LOI 807740	11/8/2021	11/8/2026	0.550%	68,498
Xerox Copier - LOI 748284	9/18/2020	8/18/2025	0.410%	22,374
Xerox Copier - LOI 630385	1/3/2018	12/3/2022	0.140%	2,042
Xerox Copier - LOI 628924	2/25/2018	1/25/2023	0.190%	8,941
				<u>\$ 352,750</u>

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 156,241	\$ 3,284	\$ 159,525
2024	107,955	1,660	109,615
2025	47,341	764	48,105
2026	30,632	324	30,956
2027	10,581	19	10,600
Total	<u>\$ 352,750</u>	<u>\$ 6,051</u>	<u>\$ 358,801</u>

There were no additional lease commitments entered into by the District after June 30, 2022.

**E. Interest Expense**

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

Interest paid	\$ 376,057
Less interest accrued in the prior year	(61,850)
Plus interest accrued in the current year	57,800
Less amortization of deferred premiums	<u>(35,866)</u>
Total interest expense on long-term debt	<u>\$ 336,141</u>

**14. 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](http://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)

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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](http://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 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October and November. 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 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. 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 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 11.11% of covered payroll for the ERS' fiscal year ended March 31, 2022.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022, was \$1,495,274 for TRS at the contribution rate of 9.80% and \$532,526 for ERS at an average contribution rate of 13.00%.

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

At June 30, 2022, 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, 2021, for TRS and March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS systems in reports provided to the District.

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension assets	\$ 15,321,323	\$ 896,451
District's portion of the Plan's total net pension assets	0.088414%	0.0109663%
Change in proportion since the prior measurement date	0.004356	0.0010806

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(864,504) for TRS and \$161,550 for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 2,111,882	\$ 67,889	\$ 79,601	\$ 88,056
Changes of assumptions	5,039,503	1,496,076	892,422	25,245
Net difference between projected and actual earnings on pension plan investments			16,035,350	2,935,500
Changes in proportion and differences between the District's contributions and proportionate share of contributions	156,153	286,570	201,785	24,995
District contributions subsequent to the measurement date	<u>1,495,274</u>	<u>107,473</u>		
Total	<u>\$ 8,802,812</u>	<u>\$ 1,958,008</u>	<u>\$ 17,209,158</u>	<u>\$ 3,073,796</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension asset/(liability) in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2023	\$ (1,963,936)	\$ (133,347)
2024	(2,316,387)	(255,532)
2025	(2,946,506)	(710,898)
2026	(3,868,826)	(123,484)
2027	702,293	
Thereafter	<u>491,742</u>	
	<u>\$ (9,901,620)</u>	<u>\$ (1,223,261)</u>

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

Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Inflation	2.40%	2.70%
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%	1.40%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience. 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-2020. 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, 2021 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. The June 30, 2020 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2009-June 30, 2014. 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, 2021		March 31, 2022
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Real estate equity	11.0%	6.50%	9.0%	5.00%
Private equity	8.0%	10.00%	10.0%	6.50%
Alternative investments			10.0%	3.78-5.58%
Domestic fixed income	16.0%	1.30%		
Global bonds	2.0%	0.80%		
High-yield bonds	1.0%	3.80%		
Fixed income			23.0%	0.00%
Private debt	1.0%	5.90%		
Real estate debt	7.0%	3.30%		
Cash equivalents	1.0%	(0.20)%		
Cash			1.0%	(1.00)%
	100.0%		100.0%	

Real rates of return are net of 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 asset/(liability) was 6.95% for TRS and 5.90% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). 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)

TRIS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset (liability)	\$ 1,607,749	\$ 15,321,323	\$ 26,846,587
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	\$ (2,307,454)	\$ 896,451	\$ 3,576,362

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:

	TRIS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2021	March 31, 2022
Employers' total pension liability	\$ (130,819,415)	\$ (223,874,888)
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension asset	\$ 17,329,042	\$ 8,174,585
Ratio of plan fiduciary net position to the employers' total pension liability	113.25%	103.65%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, 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, 2022 amounted to \$1,495,274 of employer contributions and \$82,615 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$107,473 of employer contributions. Employee contributions are remitted monthly.

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

**15. 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, however, the District made no contributions into this plan. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$154,868 and \$944,386, respectively.

**16. 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 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, 2020, the following employees were covered by the benefit terms:

Inactive employees, spouses, or beneficiaries currently receiving benefit payments	135
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	233
	368

**B. Total OPEB Liability**

The District’s total OPEB liability of \$39,143,671 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020. 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	2.60%	
Discount rate	3.54%	
Healthcare cost trend rates	5.30%	for 2022, decreasing to an ultimate rate of 4.10% over 55 years
Retirees' share of benefit-related costs	10% - 65%	of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2019, as appropriate, with adjustments for mortality improvements projected to date of decrement using Scale MP-2019 (generational mortality).

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

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial study is not applicable.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2021	<u>\$ 46,411,271</u>
Changes for the year	
Service cost	2,583,209
Interest on total OPEB liability	1,049,114
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(10,046,600)
Benefit payments	(853,323)
	<u>(7,267,600)</u>
Balance at June 30, 2022	<u>\$ 39,143,671</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

*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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
OPEB	2.54%	3.54%	4.54%
Total OPEB Liability	<u>\$ (46,098,085)</u>	<u>\$ (39,143,671)</u>	<u>\$ (33,574,788)</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 (4.30-3.10%) or 1 percentage point higher (6.30-5.10%) than the current healthcare cost trend rate:

	1% Decrease 4.30%	Healthcare Cost Trend Rates 5.30%	1% Increase 6.30%
OPEB	4.30%	5.30%	6.30%
	decreasing to 3.10%	decreasing to 4.10%	decreasing to 5.10%
Total OPEB liability	<u>\$ (33,787,168)</u>	<u>\$ (39,143,671)</u>	<u>\$ (46,132,097)</u>

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

For the year June 30, 2022, the District recognized OPEB expense of \$3,741,286. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

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

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 53,501	\$ 6,947,702
Changes of assumptions or other inputs	13,368,400	8,670,353
Total	\$ 13,421,901	\$ 15,618,055

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
2023	\$ 108,963
2024	108,963
2025	108,963
2026	108,963
2027	(809,826)
Thereafter	(1,822,180)
	\$ (2,196,154)

**17. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources at June 30, 2022, consists of excess cost aid due to the District from prior years. Unavailable revenues in the general fund at June 30, 2022, total \$27,889.

Also included in the governmental fund financial statement as deferred inflows of resources, at June 30, 2022, 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). Unavailable revenues, in the capital projects fund at June 30, 2022, total \$625,400.

**18. 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.

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

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, 2022, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$18,122,866 at a 2% discount rate. The Workers' Compensation Plan has assets of \$24,787,526 to pay these liabilities. At June 30, 2021, the District's open claims, discounted at 2% are \$467,570.

**19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023:

Unemployment Insurance	\$ 40,000
Retirement Contributions	
Teachers' retirement system	200,000
Employees' retirement system	500,000
	<u>\$ 740,000</u>

**20. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$295,948 has been appropriated to reduce taxes for the year ending June 30, 2023.

**21. RESTRICTED FOR CAPITAL RESERVE**

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

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>	<u>Total</u>
<b>General Fund</b>			
Funding Provided	\$ 320,000	\$ 122,165	\$ 442,165
Interest Earnings	10,676		10,676
Use of Reserve	<u>(225,000)</u>		<u>(225,000)</u>
Total General Fund	<u>105,676</u>	<u>122,165</u>	<u>227,841</u>
<b>Capital Projects Fund</b>			
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, 2022	<u>\$ 176,319</u>	<u>\$ 122,165</u>	<u>\$ 298,484</u>

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

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**22. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2022, the District encumbered the following significant amounts:

Restricted:

Capital Projects Fund	
Capital projects	<u>\$ 64,785</u>

Assigned: Unappropriated Fund Balance:

General Fund	
General Support	42,886
Instruction	<u>47,931</u>
	<u>90,817</u>

Capital Projects Fund	
Capital projects	<u>9,673</u>
	<u>\$ 165,275</u>

**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.

**23. 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 20, 2022, the District issued tax anticipation notes in the amount of \$2,000,000, which are due March 30, 2023, and bear interest at a stated interest rate of 4.0000%. The District received premiums of \$10,140 with the borrowing to yield an effective interest rate of 3.0394%.

**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, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 24,370,793	\$ 21,930,807	\$ 21,930,807	\$ -
Other tax items	345,006	2,784,992	2,758,861	(26,131)
Charges for services	133,000	133,000	187,093	54,093
Use of money and property	67,000	67,000	36,084	(30,916)
Sale of property and compensation for loss			35,423	35,423
Miscellaneous	30,000	30,000	169,351	139,351
Total Local Sources	24,945,799	24,945,799	25,117,619	171,820
State Sources	8,523,098	8,523,098	8,811,420	288,322
Medicaid Reimbursement	2,000	2,000	9,132	7,132
Federal Sources			23,084	23,084
Total Revenues	33,470,897	33,470,897	33,961,255	490,358
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In			1,121,103	1,121,103
Total Revenues and Other Sources	33,470,897	33,470,897	35,082,358	\$ 1,611,461
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	343,167	343,167		
Prior Year's Encumbrances	26,037	26,037		
Appropriated Reserves	851,396	1,009,951		
Total Appropriated Fund Balance	1,220,600	1,379,155		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 34,691,497	\$ 34,850,052		

**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, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 82,280	\$ 84,779	\$ 79,628	\$	\$ 5,151
Central administration	554,920	549,483	545,722		3,761
Finance	691,627	666,059	639,066	20,325	6,668
Staff	134,570	121,245	118,505		2,740
Central services	3,143,927	3,281,580	3,222,636	22,561	36,383
Special items	354,000	344,087	342,676		1,411
<b>Total General Support</b>	<b>4,961,324</b>	<b>5,047,233</b>	<b>4,948,233</b>	<b>42,886</b>	<b>56,114</b>
Instruction					
Administration & improvement	1,014,000	1,114,563	1,106,938		7,625
Teaching - regular school	10,056,919	10,504,673	10,289,963	46,286	168,424
Programs for students with disabilities	5,856,650	5,933,266	5,928,038		5,228
Teaching - special schools	37,000	29,364	29,359		5
Instructional media	386,620	361,205	348,147	1,645	11,413
Pupil services	1,118,173	1,063,862	1,057,998		5,864
<b>Total Instruction</b>	<b>18,469,362</b>	<b>19,006,933</b>	<b>18,760,443</b>	<b>47,931</b>	<b>198,559</b>
Pupil Transportation	619,750	545,912	542,138		3,774
Employee Benefits	9,065,487	8,682,886	8,457,141		225,745
Debt Service					
Principal	962,517	962,517	962,517		-
Interest	438,057	411,990	411,990		-
<b>Total Debt Service</b>	<b>1,400,574</b>	<b>1,374,507</b>	<b>1,374,507</b>		<b>-</b>
<b>Total Expenditures</b>	<b>34,516,497</b>	<b>34,657,471</b>	<b>34,082,462</b>	<b>90,817</b>	<b>484,192</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	175,000	192,581	192,581		-
<b>Total Expenditures and Other Uses</b>	<b>\$ 34,691,497</b>	<b>\$ 34,850,052</b>	<b>34,275,043</b>	<b>\$ 90,817</b>	<b>\$ 484,192</b>
Net Change in Fund Balance			807,315		
Fund Balance - Beginning of Year			5,263,019		
Fund Balance - End of Year			<u>\$ 6,070,334</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.

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

***Teachers' Retirement System***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	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)	\$ 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	\$ 15,006,714	\$ 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	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 asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

***Employees' Retirement System***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	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)	\$ 896,451	\$ (9,844)	\$ (2,674,384)	\$ (733,809)	\$ (346,541)	\$ (948,871)	\$ (1,689,322)	\$ (362,364)	\$ (484,710)
District's covered payroll	\$ 3,833,382	\$ 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	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 asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

*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.*

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

*Teachers' Retirement System*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 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	\$ 1,501,742
Contributions in relation to the contractually required contribution	<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>	<u>1,501,742</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	\$ 15,257,900	\$ 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
Contributions as a percentage of covered payroll	10%	10%	9%	11%	10%	12%	13%	17%	16%	11%

*Employees' Retirement System*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 532,526	\$ 522,908	\$ 525,477	\$ 507,172	\$ 522,521	\$ 480,601	\$ 563,150	\$ 624,587	\$ 660,258	\$ 692,390
Contributions in relation to the contractually required contribution	<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>	<u>692,390</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	\$ 4,096,408	\$ 3,813,441	\$ 3,803,049	\$ 3,682,740	\$ 3,570,870	\$ 3,486,613	\$ 3,614,593	\$ 3,473,662	\$ 3,410,183	\$ 3,325,573
Contributions as a percentage of covered payroll	13%	14%	14%	14%	15%	14%	16%	18%	19%	21%

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 2,583,209	\$ 2,044,114	\$ 1,769,724	\$ 1,577,839	\$ 1,390,855
Interest on total OPEB liability	1,049,114	1,018,031	1,263,686	897,215	839,883
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(7,967,811)	-	(1,897,407)	118,746
Changes of assumptions or other inputs	(10,046,600)	7,703,343	7,428,146	6,118,768	-
Benefit payments	(853,323)	(809,628)	(741,473)	(640,503)	(610,455)
Net change in total OPEB liability	(7,267,600)	1,988,049	9,720,083	6,055,912	1,739,029
Total OPEB liability, beginning	46,411,271	44,423,222	34,703,139	28,647,227	26,908,198
Total OPEB liability, ending	<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	\$ 17,424,277	\$ 17,424,277	\$ 17,392,279	\$ 17,392,279	\$ 17,000,446
Total OPEB liability as a percentage of covered employee payroll	224.65%	266.36%	255.42%	199.53%	168.51%
Discount rate	3.54%	2.16%	2.21%	3.50%	3.87%
Healthcare trend rates	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 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, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 34,665,460
Additions:		
Prior year's encumbrances		26,037
Original Budget		34,691,497
Budget revision		158,555
Final Budget		\$ 34,850,052

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget		\$ 36,020,048
Maximum allowed (4% of 2022-2023 budget)		\$ 1,440,802
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 386,765	
Unassigned fund balance	2,740,797	
		\$ 3,127,562
Less:		
Appropriated fund balance	295,948	
Encumbrances	90,817	
Total adjustments		386,765
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		\$ 2,740,797
Actual Percentage		7.61%

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2022

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund	
	June 30, 2021	June 30, 2022	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2022
District-wide Renovations	\$ 50,724	\$ 50,724		\$	\$ -	\$ 50,724	\$ 50,724		\$ 50,724	\$ 50,724	\$ 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	3,041
HDF gym hall & admin. doors	34,000	34,000	18,692		18,692	15,308		34,000	34,000	15,308	15,308
HDF HVAC	145,000				-	-			-	-	-
HVAC OMR		70,000		3,663	3,663	66,337		70,000	70,000	66,337	66,337
HVAC Camp		70,000		3,663	3,663	66,337		70,000	70,000	66,337	66,337
Camp Window DASNY		150,000		69,417	69,417	80,583		150,000	150,000	80,583	80,583
Smart Bond School Connectivity	661,037	661,037	628,460	(3,060)	625,400	35,637		661,037	661,037	35,637	35,637
Capital Reserve											
HDF site work	73,000	73,000	71,818		71,818	1,182		73,000	73,000	1,182	1,182
OMR asbestos & boiler floor	59,000	59,000	55,549		55,549	3,451		57,554	57,554	2,005	2,005
Camp asbestos & floor	93,000	93,000	26,990		26,990	66,010		94,446	94,446	67,456	67,456
Capital Leases		143,772		143,772	143,772		143,772		143,772		-
<b>Totals</b>	<b>\$ 1,156,759</b>	<b>\$ 1,445,531</b>	<b>\$ 839,466</b>	<b>\$ 217,455</b>	<b>\$ 1,056,921</b>	<b>\$ 388,610</b>	<b>\$ 194,496</b>	<b>\$ 661,037</b>	<b>\$ 589,998</b>	<b>\$ 1,445,531</b>	<b>388,610</b>
									Grant revenue not yet recognized		(661,037)
											<u>\$ (272,427)</u>

**NORTH MERRICK UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2022

Capital assets, net	<u>\$ 19,752,087</u>
Deductions:	
Short-term portion of bonds payable	835,000
Long-term portion of bonds payable	10,725,000
Premium on bonds payable	214,506
Less: Unspent bond proceeds	(50,724)
Short-term portion of lease liabilities	156,241
Long-term portion of lease liabilities	<u>196,509</u>
	<u>12,076,532</u>
Net Investment in Capital Assets	<u><u>\$ 7,675,555</u></u>



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

To the Board of Education  
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, 2022, 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 11, 2022.

**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*.



## **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 11, 2022