

JERICOH UNION FREE SCHOOL DISTRICT

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

June 30, 2022

JERICO UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

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 Jericho Union Free School District (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 Jericho Union Free School 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 87, Leases, as of June 30, 2022. Our opinion is not modified with respect to this matter.

Management's Responsibility 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 Responsibility 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 management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 55 through 59, respectively, 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.

Other Information

The other information on pages 60 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022 on our consideration of the Jericho Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Jericho Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jericho Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 13, 2022

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Jericho 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, as reflected in the district-wide financial statements, increased by \$8,994,165. This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The District received \$3,636,089 in operating grants and contributions to support District operations, instructional programs and the food service program.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$118,776,023. Of this amount, \$5,786,724 was offset by program charges for services, and operating grants and contributions. General revenues of \$121,983,464 amount to 95.5% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements, was \$55,328,851 at June 30, 2022. This balance represents a \$1,347,717 decrease (2.38%) from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances decreased by \$2,310,699 due to the use of reserves, offset by the funding of and interest allocated to the reserves.
 - Assigned fund balance increased \$700,000, as the District increased the fund balance appropriated for the 2023 budget in order to keep the property tax levy at the same amount as the prior year.
 - Unassigned fund balance increased by \$83,050 to \$5,202,934.
- The District's 2022 property tax levy of \$108,811,962 remained the same as the 2021 tax levy. The District's property tax cap for the 2022-2023 school year was \$112,869,065, or 3.73%. The District's 2022-2023 property tax levy of \$108,811,962 is the same as the 2021-2022 tax levy, this is significantly below the tax cap and the third consecutive year with the same tax levy.
- On May 17, 2022, the proposed 2022-2023 budget in the amount of \$130,073,339, was approved by more than 80% of the District's voters. This is a 1.62% increase in budgeted expenditures over the prior year.
- Over the past several years, voters in the Jericho School District have overwhelmingly supported the District's budget, and have also approved several propositions authorizing the District to spend over \$60 million, cumulatively, in capital improvement projects funded by already existing capital reserves with no borrowing/bonding necessary. In fact, as of June 30, 2022, the District continues to have no long-term debt on its financial statements.

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

2. DISTRICT HIGHLIGHTS

- During the 2021-2022 school year, Jericho High School had a 99% graduation rate with 99% of the graduates attending college and 95% earning an Advanced Regents Diploma.
- The District had 32 National Merit Commended Students with 20 National Merit Finalists and 8 National Merit winners.
- With numerous National Merit awards, Advanced Placement Scholars, School of Distinction awards, Regeneron finalists and semi-finalists, Jericho High School has consistently ranked as one of the top public high schools in New York State and the United States of America. In fact, the Jericho School District has recently been recognized as the number one open enrollment public school district in New York State by Niche.com, sponsored by Business Insider. The District continues to offer all programs without reducing services.
- Ninety-five percent of the Jericho High School student body takes at least one Advanced Placement course.
- The District had 3 Regeneron Scholars of the top 300 nationally.
- Jericho High School has been named a New York School of Distinction for 17 consecutive years, the most by any school district in New York State (NYS).
- The District has been a NYS Scholar Athlete High School of Distinction for 17 consecutive years, the most by any school district in NYS.
- In addition to the countless individual and group awards the District's music students have won, the Jericho Union Free School District Music Department has been a Best Communities in America for Music Education for over 20 consecutive years.
- Throughout the financial statements, there are categories the District spent higher than anticipated. Additionally, there are several categories the District spent less than anticipated due to COVID-19. Example of these categories include transportation, field trips, extra-curricular clubs, athletics, and utilities.
- In the 2021-2022 school year, the District re-opened full in-person with no remote option. The District also resumed all clubs and extra-curricular activities.

3. 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:



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

A. District-Wide Financial Statements

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

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

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

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

B. Fund Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, 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.

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

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

The District maintains six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activities fund, and scholarships 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.

4. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2021, were restated as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record a capital lease asset and the related lease liability of \$258,528, as well as a lease receivable and deferred inflows of resources of \$935,705. The restatements did not affect the net position as of June 30, 2021.

The District's total net position increased by \$8,994,165 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:

	<u>2022</u>	<u>As Restated 2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Asset				
Current and Other Assets	\$ 93,474,891	\$ 92,929,294	\$ 545,597	0.59 %
Capital Assets, Net	79,218,644	78,588,753	629,891	0.80 %
Net Pension Assets -				
Proportionate Share	<u>58,008,053</u>	<u>58,008,053</u>	<u>58,008,053</u>	0.00 %
Total Assets	<u>230,701,588</u>	<u>171,518,047</u>	<u>59,183,541</u>	34.51 %
Deferred Outflows of Resources	<u>61,835,641</u>	<u>66,300,505</u>	<u>(4,464,864)</u>	(6.73)%

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

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
Liabilities				
Current and Other Liabilities	\$ 11,922,018	\$ 13,040,655	\$ (1,118,637)	(8.58)%
Long-Term Liabilities	19,765,815	19,419,933	345,882	1.78 %
Net Pension Liabilities -				
Proportionate Share	-	8,559,728	(8,559,728)	(100.00)%
Total OPEB Liability	<u>95,449,272</u>	<u>113,054,326</u>	<u>(17,605,054)</u>	(15.57)%
 Total Liabilities	 <u>127,137,105</u>	 <u>154,074,642</u>	 <u>(26,937,537)</u>	 (17.48)%
 Deferred Inflows of Resources	 <u>117,783,423</u>	 <u>45,121,374</u>	 <u>72,662,049</u>	 161.04 %
 Net Position				
Net investment in capital assets	79,107,457	78,330,225	777,232	0.99 %
Restricted	57,632,980	58,030,545	(397,565)	(0.69)%
Unrestricted (Deficit)	<u>(89,123,736)</u>	<u>(97,738,234)</u>	<u>8,614,498</u>	(8.81)%
 Total Net Position	 <u>\$ 47,616,701</u>	 <u>\$ 38,622,536</u>	 <u>\$ 8,994,165</u>	 23.29 %

The increase in current and other assets is primarily related to increases in cash, offset by the decrease in taxes receivable.

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

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 share for both Systems shifted from a liability to an asset. The accompanying Notes to Financial Statements, Note 15 "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 decrease in current and other liabilities is related to decreases in accounts payable, retainage payable, and other liabilities, offset by increases in accrued liabilities and due to teachers' retirement system.

The increase in long-term liabilities is the result of the net increase in the compensated absences liability, net of the repayment of the lease liability during the 2021-22 fiscal year.

Net pension liabilities – proportionate share represents the District's share of New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension liabilities, 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 15 "Pension Plans – New York State" provides additional information.

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

Total OPEB liability decreased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 17 "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, as well as the amount of long-term lease receivable that will be amortized and recognized as lease revenue over the term of the lease.

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

The restricted amount relates to the District's reserves. This number decreased from the prior year as the use of reserves for allowable expenses and capital outlays related to projects funded by voter-approved capital reserves, exceeded the funding and interest earnings of the reserves.

The unrestricted (deficit) amount relates to the balance of the District's net position, excluding 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:

	2022	2021	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,150,635	\$ 1,429,411	\$ 721,224	50.46 %
Operating Grants & Contributions	3,636,089	2,183,706	1,452,383	66.51 %
General Revenues				
Property Taxes and STAR	108,811,962	108,811,962	-	0.00 %
State Sources	7,975,402	7,636,159	339,243	4.44 %
Other	5,196,100	5,849,152	(653,052)	(11.16)%
Total Revenues	<u>127,770,188</u>	<u>125,910,390</u>	<u>1,859,798</u>	1.48 %
Expenses				
General Support	14,586,385	14,543,444	42,941	0.30 %
Instruction	96,230,034	109,365,292	(13,135,258)	(12.01)%
Pupil Transportation	6,201,291	5,473,576	727,715	13.30 %
Debt Service - Interest	117,081	231,000	(113,919)	(49.32)%
Food Service Program	1,641,232	1,269,744	371,488	29.26 %
Total Expenses	<u>118,776,023</u>	<u>130,883,056</u>	<u>(12,107,033)</u>	(9.25)%
Change in Net Position	<u>\$ 8,994,165</u>	<u>\$ (4,972,666)</u>	<u>\$ 13,966,831</u>	(280.87)%

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

The District's net position increased by \$8,994,165 and decreased by \$4,972,666 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

- Operating grants increased as the District received additional funding for the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act.
- Charges for services increased mainly due to increases in tuition and health services revenue from other school districts, as well as school food sales, as schools reopened in the 2021-22 year for full, in-person learning.
- The increase in state sources is chiefly due to the District receiving more in general and BOCES aid, offset by a decrease in nonresident homeless program aid.
- Other revenues decreased due to lower interest earnings, tax anticipation notes (TAN) issuance premiums, and refunds of prior year expenses included in miscellaneous revenue.

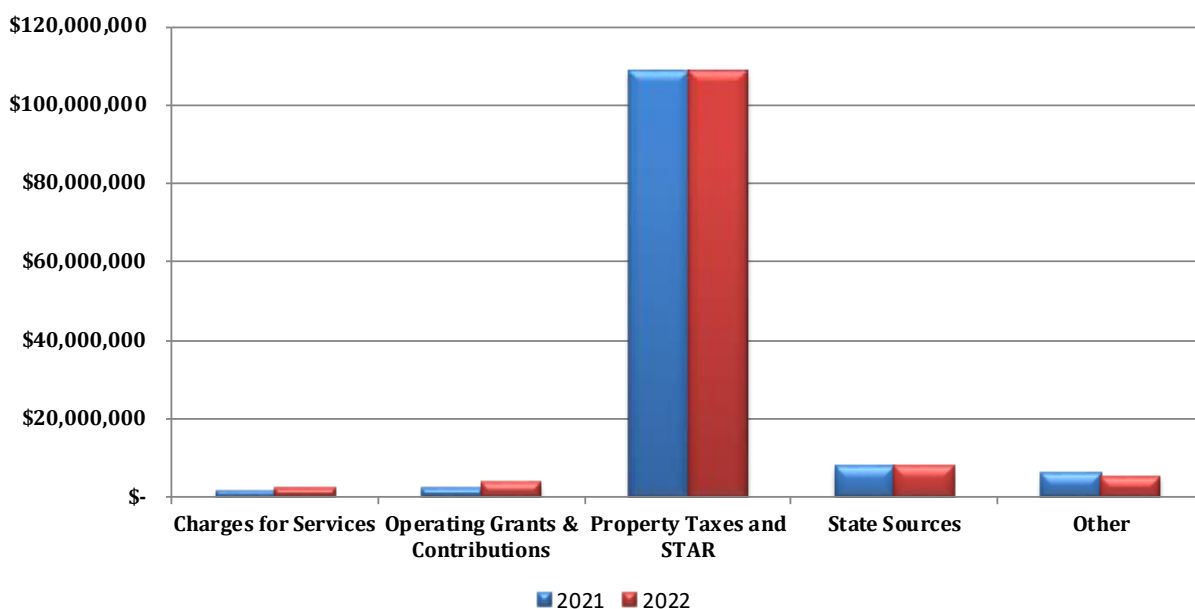
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension amounts for TRS and ERS, and other postemployment benefits costs.
- Legal expenses increased, as a result of legal challenges, appeals, and FOIL requests received by the District.
- Pupil transportation expenses increased due to a rise in contract bus expenses.
- Debt service interest decreased primarily due to the District borrowing \$10,200,000 less in TANs.
- The food service program costs increased primarily due to increase in food costs as the District returned to full, in-person instruction.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 85.2% and 86.4% of the total for years 2022 and 2021, respectively). Instruction expense is the largest category of expenses incurred (i.e., 81.0% and 83.5% of the total for the years 2022 and 2021, respectively).

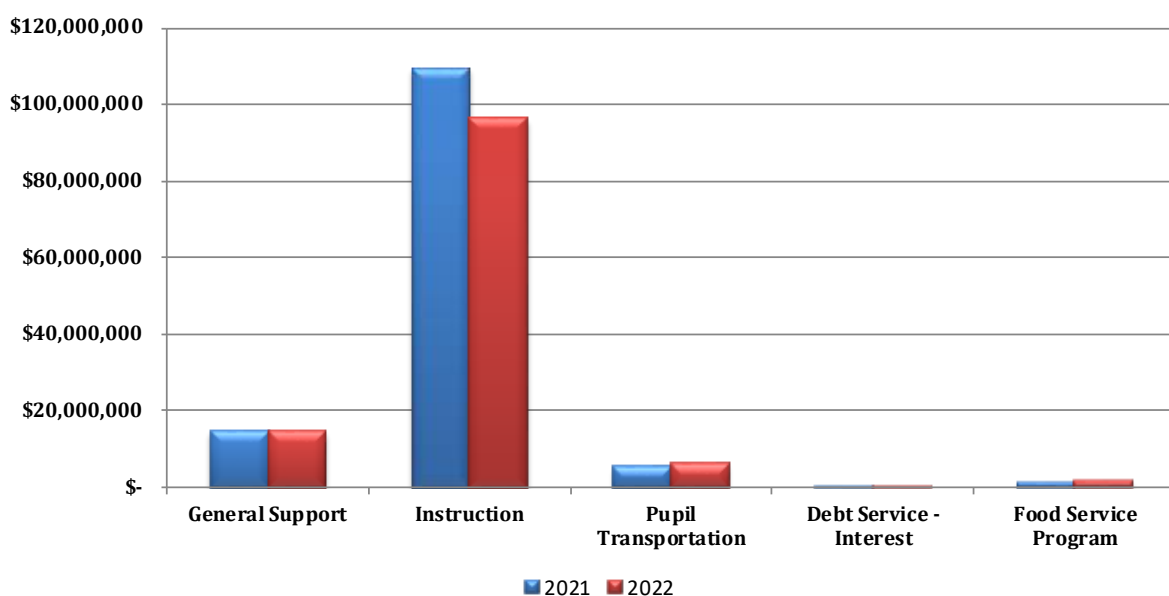
JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants & Contributions	Property Taxes and STAR	State Sources	Other
2021	1.1%	1.7%	86.4%	6.1%	4.7%
2022	1.7%	2.8%	85.2%	6.2%	4.1%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2021	11.1%	83.5%	4.2%	0.2%	1.0%
2022	12.3%	81.0%	5.2%	0.1%	1.4%

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

5. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$79,428,416, which is an increase of \$1,796,393 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
General Fund				
Restricted				
Unemployment insurance	\$ 254,426	\$ 254,294	\$ 132	0.05 %
Retirement contribution				
Teachers' retirement system	3,504,075	2,702,212	801,863	29.67 %
Employees' retirement system	14,469,659	15,022,827	(553,168)	(3.68)%
Employee benefit accrued liability	18,225,869	18,106,915	118,954	0.66 %
Capital	6,383,912	9,062,392	(2,678,480)	(29.56)%
Assigned:				
Appropriated fund balance	6,421,833	5,721,833	700,000	12.23 %
Unappropriated fund balance	866,143	686,211	179,932	26.22 %
Unassigned: Fund balance	5,202,934	5,119,884	83,050	1.62 %
	<u>55,328,851</u>	<u>56,676,568</u>	<u>(1,347,717)</u>	<u>(2.38)%</u>
School Food Service Fund				
Nonspendable: Inventory	51,728	59,008	(7,280)	(12.34)%
Assigned: Unappropriated fund balance	306,683	23,874	282,809	1184.59 %
	<u>358,411</u>	<u>82,882</u>	<u>275,529</u>	<u>332.44 %</u>
Capital Projects Fund				
Restricted: Capital	14,727,868	12,811,448	1,916,420	14.96 %
Assigned: Unappropriated fund balance	8,754,269	7,817,722	936,547	11.98 %
	<u>23,482,137</u>	<u>20,629,170</u>	<u>2,852,967</u>	<u>13.83 %</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	191,846	172,946	18,900	10.93 %
Scholarships Fund				
Restricted: Scholarships	67,171	70,457	(3,286)	(4.66)%
Total Fund Balance	<u>\$ 79,428,416</u>	<u>\$ 77,632,023</u>	<u>\$ 1,796,393</u>	<u>2.31 %</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$1,347,717, compared to a decrease of \$2,406,974 in 2021. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

Revenues and other financing sources decreased by \$2,104,648 or 1.67%. The following is a summary of the major changes:

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

- Other financing sources decreased due to the District receiving, in the prior year, a one-time transfer of unspent funds from the capital projects fund.
- Other tax items decreased due to lower PILOT payments received from Nassau County.
- Charges for services increased mainly due to increases in tuition and health services revenue from other school districts as schools reopened in the 2021-22 year for full in-person instructions.
- State sources increased primarily due to increase in state general and BOCES aid.

Expenditures and other financing uses decreased by \$3,163,905 or 2.46% from the prior year. In addition to contractual increases in payroll expenditures, the following is a summary of the major changes:

- Other financing uses decreased as the total voter-approved transfers from fund balance and the capital reserve to the capital projects fund to fund district-wide improvements were less than the amount in the prior year.
- Other financing uses also decreased as the general fund provided a budgeted subsidy to the school food service fund in the previous year. In the current year, the District did not budget for a subsidy and only needed to provide a much lower transfer for outstanding student account balances.
- Employee benefits increased due to higher pension contribution rates as well as increases in medical insurance premiums.
- Pupil transportation increased due to higher bus contract rates.

The following is a summary of activities of the general fund's restricted reserves:

	Balance @ June 30, 2021	Use of Reserves	Interest	Funding	Balance @ June 30, 2022
Unemployment insurance	\$ 254,294	\$	\$ 132	\$	\$ 254,426
Retirement contribution					
TRS	2,702,212	(100,000)	1,863	900,000	3,504,075
ERS	15,022,827	(561,130)	7,962	-	14,469,659
EBALR	18,106,915	(632,949)	28,989	722,914	18,225,869
Capital	9,062,392	(6,986,175)	7,695	4,300,000	6,383,912
	<u>\$45,148,640</u>	<u>\$ (8,280,254)</u>	<u>\$ 46,641</u>	<u>\$ 5,922,914</u>	<u>\$42,837,941</u>

Additional detail regarding capital reserves can be found in Note 22 "Restricted Fund Balance - Capital Reserves".

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to greater state and federal reimbursements, the result of an Executive Order granting school districts waivers, which authorized the distribution of free meals to all students of the District regardless of their eligibility status.

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

C. Capital Projects Fund

The capital projects fund – fund balance net increase is the result of general fund budgeted transfers and voter-authorized additional transfers from fund balance and the capital reserve exceeding capital outlay expenditures.

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

	Balance @ June 30, 2021	Use of Reserves	Funding	Balance @ June 30, 2022
Capital Reserve II	\$ 1,193,943	\$ (834,830)	\$	\$ 359,113
Capital Reserve III	4,940,505	(4,234,925)		705,580
Capital Reserve IV	6,677,000		6,986,175	13,663,175
	<u>\$12,811,448</u>	<u>\$ (5,069,755)</u>	<u>\$ 6,986,175</u>	<u>\$ 14,727,868</u>

D. Extraclassroom Activities Fund

The extraclassroom activities fund – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

E. Scholarships Fund

The scholarships fund – fund balance net decrease is the result of scholarships awarded exceeding scholarship donations and interest.

6. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022 was \$127,997,101. This amount was increased by encumbrances carried forward from the prior year, in the amount of \$686,211 and budget revisions totaling \$10,330,204 for a total final budget of \$139,013,516.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$108,811,962 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 over expenditures and 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:

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

Opening, Unassigned Fund Balance	\$ 5,119,884
Revenues Over Budget	2,460,495
Expenditures and Encumbrances Under Budget	12,713,944
Allocation of Interest Earnings to Reserves	(46,641)
Authorized Transfers to Reserves	(5,922,914)
Appropriation for Voter-approved Additional Expenditure for Capital Improvements	(2,700,000)
Appropriated to Fund the June 30, 2023 Budget	(6,421,833)
Rounding	<u>(1)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 5,202,934</u></u>

Opening, Unassigned Fund Balance

The \$5,119,884 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Revenues Over Budget

The 2021-2022 final budget for revenues was \$121,625,217. Actual revenues recognized for the year were \$124,085,712. The excess of actual revenues over estimated or budgeted revenues was \$2,460,495. This positive variance contributes directly to the District's ability to fund the capital reserves for needed capital projects. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other financing uses was \$139,013,516. Actual expenditures and other financing uses as of June 30, 2022 were \$125,433,429, and outstanding encumbrances were \$866,143. Combined, the expenditures and other financing uses plus encumbrances for 2021-2022 were \$126,299,572. The final budget variance was \$12,713,944, which contributes directly to the District's ability to continue to fund the capital reserves. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation/Authorized Transfers to Reserves

Interest earnings allocated and 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 §5.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

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

Appropriation for Voter-approved Additional Expenditure for Capital Improvements

On May 17, 2022, the District's voters approved Proposition No. 2, which included the use of \$2,700,000 from fund balance towards completing various capital improvements.

Appropriated Fund Balance

The District has chosen to use \$6,421,833 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget and keep the 2022-2023 tax levy at the same amount as over the previous year. 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 \$5,202,934. This amount equals 4.0% of the 2022-2023 budget and is at the statutory limit.

7. 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 following table. The net increase in capital assets is due to capital additions of \$8,182,400 in excess of depreciation/amortization expense of \$7,427,543 recorded and a loss on disposal of assets of \$14,168 for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2022 and June 30, 2021 is as follows:

	<u>2022</u>	<u>As Restated 2021</u>	<u>Increase (Decrease)</u>
Land	\$ 357,356	\$ 357,356	\$ -
Construction in progress	8,108,208	16,627,452	(8,519,244)
Buildings and improvements	68,921,845	59,669,477	9,252,368
Furniture and equipment	1,720,437	1,675,940	44,497
Leased equipment	<u>110,798</u>	<u>258,528</u>	<u>(147,730)</u>
Capital assets, net	<u>\$ 79,218,644</u>	<u>\$ 78,588,753</u>	<u>\$ 629,891</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.

The District will continue to make significant capital expenditures funded by voter-approved capital reserves for capital improvements to District facilities.

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

B. Debt Administration

At June 30, 2022, the District did not have any outstanding long-term debt. The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. was Aa1.

In accordance with GASB Statement No. 87, the District reports existing leases for equipment as long-term lease liabilities. The decrease in lease liabilities represents the principal payments made throughout the year. A summary of the outstanding lease liabilities at June 30, 2022 and 2021 is as follows:

Commencement Date	Interest Rate	2022	As Restated 2021	Increase (Decrease)
Lease Liabilities				
4/1/2019	0.845%	\$ 111,187	\$ 258,528	\$ (147,341)

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	\$ 19,654,628	\$ 19,161,405	\$ 493,223
Net pension liabilities - proportionate share	-	8,559,728	(8,559,728)
Total OPEB liability	95,449,272	113,054,326	(17,605,054)
	<u>\$ 115,103,900</u>	<u>\$ 140,775,459</u>	<u>\$ (25,671,559)</u>

8. 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 \$130,073,339. This is an increase of \$2,076,238 or 1.62% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at an increase of \$1,341,046 over the prior year's budgeted amounts. This increase was primarily in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$6,421,833 is a \$700,000 increase over the previous year. Additionally, the District has elected to appropriate a total of \$696,322 from the retirement contribution reserves towards the next year's budget, an increase of \$35,192. The 2022-2023 tax levy remained the same as the property tax levy of 2021-2022.

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.

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

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 3.73%. The District's actual 2022-2023 property tax levy did not change from the prior year, was \$4,057,103 less than the property tax levy limit and, as such, did not require an override vote.

9. 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. Victor Manuel
Assistant Superintendent for Business Affairs
Jericho Union Free School District
99 Cedar Swamp Road
Jericho, New York 11753-1202

JERICHO UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

ASSETS

Cash	
Unrestricted	\$ 28,136,246
Restricted	57,632,980
Receivables	
Accounts receivable	2,213
Taxes receivable	2,968,665
Due from state and federal	3,556,732
Due from other governments	493,979
Lease receivable	632,348
Inventory	51,728
Capital assets:	
Not being depreciated	8,465,564
Being depreciated/amortized, net of accumulated depreciation/amortization	70,753,080
Net pension assets - proportionate share	<u>58,008,053</u>
Total Assets	<u>230,701,588</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	38,597,654
Other postemployment benefits	<u>23,237,987</u>
Total Deferred Outflows of Resources	<u>61,835,641</u>

LIABILITIES

Payables	
Accounts payable	2,981,193
Accrued liabilities	1,879,250
Due to other governments	98,832
Due to teachers' retirement system	5,808,268
Due to employees' retirement system	554,485
Other liabilities	368,995
Unearned credits	
Collections in advance	230,995
Long-term liabilities	
Due and payable within one year	
Lease liabilities	111,187
Compensated absences payable	1,000,000
Due and payable after one year	
Compensated absences payable	18,654,628
Total other postemployment benefits liability	<u>95,449,272</u>
Total Liabilities	<u>127,137,105</u>

DEFERRED INFLOWS OF RESOURCES

Leases	632,348
Pensions	72,824,065
Other postemployment benefits	<u>44,327,010</u>
Total Deferred Inflows of Resources	<u>117,783,423</u>

NET POSITION

Net investment in capital assets	<u>79,107,457</u>
Restricted:	
Unemployment insurance	254,426
Retirement contribution	
Teachers' retirement system	3,504,075
Employees' retirement system	14,469,659
Employee benefit accrued liability	18,225,869
Capital	21,111,780
Scholarships	<u>67,171</u>
	<u>57,632,980</u>
Unrestricted (deficit)	<u>(89,123,736)</u>
Total Net Position	<u>\$ 47,616,701</u>

JERICO UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	and Contributions	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 14,586,385	\$	\$ 44,583	\$ (14,541,802)
Instruction	96,230,034	1,901,854	2,017,303	(92,310,877)
Pupil transportation	6,201,291			(6,201,291)
Debt service - interest	117,081			(117,081)
Food service program	1,641,232	248,781	1,574,203	181,752
Total Functions and Programs	<u>\$ 118,776,023</u>	<u>\$ 2,150,635</u>	<u>\$ 3,636,089</u>	<u>(112,989,299)</u>
GENERAL REVENUES				
Real property taxes				106,981,798
Other tax items				5,727,578
Use of money and property				587,438
Forfeitures				4,498
Sale of property and compensation for loss				5,496
Miscellaneous				558,963
State sources				7,975,402
Medicaid reimbursement				142,291
Total General Revenues				<u>121,983,464</u>
Change in Net Position				8,994,165
Total Net Position - Beginning of Year				<u>38,622,536</u>
Total Net Position - End of Year				<u>\$ 47,616,701</u>

JERICO UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 16,962,798	\$ 99,268	\$ 250,461	\$ 10,631,873	\$ 191,846	\$	\$ 28,136,246
Restricted	42,837,941			14,727,868		67,171	57,632,980
Receivables							
Accounts receivable			2,213				2,213
Taxes receivable	2,968,665						2,968,665
Due from other funds	1,640,032	1,178,130	92,412				2,910,574
Due from state and federal	2,678,101	583,243	295,388				3,556,732
Due from other governments	493,979						493,979
Lease receivable	632,348						632,348
Inventory			51,728				51,728
Total Assets	<u>\$ 68,213,864</u>	<u>\$ 1,860,641</u>	<u>\$ 692,202</u>	<u>\$ 25,359,741</u>	<u>\$ 191,846</u>	<u>\$ 67,171</u>	<u>\$ 96,385,465</u>
LIABILITIES							
Accounts payable	\$ 1,065,819	\$ 29,528	\$ 8,242	\$ 1,877,604			\$ 2,981,193
Accrued liabilities	1,851,746	17,836	9,668				1,879,250
Due to other funds	1,012,716	1,796,242	101,616				2,910,574
Due to other governments	98,527		305				98,832
Due to teachers' retirement system	5,808,268						5,808,268
Due to employees' retirement system	554,485						554,485
Other liabilities	368,995						368,995
Unearned credits							
Collections in advance		17,035	213,960				230,995
Total Liabilities	<u>10,760,556</u>	<u>1,860,641</u>	<u>333,791</u>	<u>1,877,604</u>	<u>-</u>	<u>-</u>	<u>14,832,592</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1,492,109						1,492,109
Leases	632,348						632,348
Total Liabilities	<u>2,124,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,124,457</u>
FUND BALANCES							
Nonspendable: Inventory			51,728				51,728
Restricted:							
Unemployment insurance	254,426						254,426
Retirement contribution							
Teachers' retirement system	3,504,075						3,504,075
Employees' retirement system	14,469,659						14,469,659
Employee benefit accrued liability	18,225,869						18,225,869
Capital	6,383,912			14,727,868			21,111,780
Scholarships						67,171	67,171
Assigned:							
Appropriated fund balance	6,421,833						6,421,833
Unappropriated fund balance	866,143		306,683	8,754,269	191,846		10,118,941
Unassigned fund balance	5,202,934						5,202,934
Total Fund Balances	<u>55,328,851</u>	<u>-</u>	<u>358,411</u>	<u>23,482,137</u>	<u>191,846</u>	<u>67,171</u>	<u>79,428,416</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,213,864</u>	<u>\$ 1,860,641</u>	<u>\$ 692,202</u>	<u>\$ 25,359,741</u>	<u>\$ 191,846</u>	<u>\$ 67,171</u>	<u>\$ 96,385,465</u>

JERICHO UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total Governmental Fund Balances \$ 79,428,416

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 and leased assets	\$ 121,678,361	
Less: Accumulated depreciation/amortization	<u>(42,459,717)</u>	79,218,644

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	54,523,047	
Net pension asset - employees' retirement system	3,485,006	
Deferred outflows of resources	38,597,654	
Deferred inflows of resources	<u>(72,824,065)</u>	23,781,642

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. 1,492,109

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	23,237,987	
Total other postemployment benefits liability	(95,449,272)	
Deferred inflows of resources	<u>(44,327,010)</u>	(116,538,295)

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

Lease liabilities	(111,187)	
Compensated absences payable	<u>(19,654,628)</u>	(19,765,815)

Total Net Position	<u><u>\$ 47,616,701</u></u>	
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JERICHO 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	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 106,981,798	\$	\$	\$	\$	\$	\$ 106,981,798
Other tax items	5,727,578						5,727,578
Charges for services	1,686,804						1,686,804
Use of money and property	587,413				25		587,438
Forfeitures	4,498						4,498
Sale of property and compensation for loss	5,496						5,496
Miscellaneous	558,963	12,315			219,959	27,364	818,601
Interfund revenue	6,602						6,602
State sources	8,381,702	311,012	19,456				8,712,170
Medicaid reimbursement	142,291						142,291
Federal sources	2,567	1,664,045	1,554,747				3,221,359
Sales			248,781				248,781
Total Revenues	124,085,712	1,987,372	1,822,984	-	219,984	27,364	128,143,416
EXPENDITURES							
General support	11,576,725						11,576,725
Instruction	69,528,815	2,130,730			201,084	30,650	71,891,279
Pupil transportation	5,554,495	35,845					5,590,340
Employee benefits	27,342,425		289,245				27,631,670
Debt Service							
Principal	147,341						147,341
Interest	117,081						117,081
Food service program			1,284,379				1,284,379
Capital outlay				8,108,208			8,108,208
Total Expenditures	114,266,882	2,166,575	1,573,624	8,108,208	201,084	30,650	126,347,023
Excess (Deficiency) of Revenues Over Expenditures	9,818,830	(179,203)	249,360	(8,108,208)	18,900	(3,286)	1,796,393
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		179,203	26,169	10,961,175			11,166,547
Operating transfers (out)	(11,166,547)						(11,166,547)
Total Other Financing Sources and Uses	(11,166,547)	179,203	26,169	10,961,175	-	-	-
Net Change in Fund Balances	(1,347,717)	-	275,529	2,852,967	18,900	(3,286)	1,796,393
Fund Balances - Beginning of Year	56,676,568		82,882	20,629,170	172,946	70,457	77,632,023
End of Year	\$ 55,328,851	\$ -	\$ 358,411	\$ 23,482,137	\$ 191,846	\$ 67,171	\$ 79,428,416

JERICHO 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	\$ 1,796,393
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.

Change in deferred inflows for unavailable revenue	\$ (366,626)
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Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable	(493,223)	
		(859,849)

Capital Related Differences

Capital outlays to purchase, build or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expenses in the Statement of Activities. This is the amount by which, capital outlays, other additions and the decrease in retainage payable exceeded depreciation/amortization expense and the loss on disposal of capital assets in the period.

Capital outlays and other additions	7,923,872	
Decrease in retainage payable	537,824	
Depreciation/amortization expenses	(7,279,813)	
Loss on disposal of capital assets	(14,168)	
		1,167,715

Long-Term Debt Transactions Differences

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.

Principal repayment of lease liabilities	147,341
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Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	8,366,332	
Employees' retirement system	1,673,175	
Other postemployment benefits	(3,296,942)	
		6,742,565

Change in Net Position of Governmental Activities	\$ 8,994,165
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JERICO UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2022

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	<u>\$ -</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ -</u>

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

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 5,307,500
Payments in lieu of taxes (PILOT) collected for the Library	<u>89,899</u>
Total Additions	5,397,399
DEDUCTIONS	
Disbursements of real property taxes and PILOT to the Library	<u>5,397,399</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u>\$ -</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jericho 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 five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, 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.

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.

Extraclassroom Activities Fund - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

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.

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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected without penalty by the towns of Oyster Bay and North Hempstead from October 25th to December 15th, and April 1st through June 15th, and remitted to the District.

The District also levies the real property taxes for the Jericho Public Library (Library), which are collected by the towns and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in installments. These pass-through amounts are considered fiduciary activities and are reported in the District's Custodial Fund.

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 Library are remitted to the Library. These pass-through amounts are considered fiduciary activities and reported in the Custodial Fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$2,011,457 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 outflows of resources, liabilities and 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.

L. Lease Receivable

The District leases a building to a third party. A lease receivable is measured and recorded at the present value of lease payments expected to be received by the District during the lease term using an implicit discount rate, net of any provision for estimated uncollectible amounts. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable and recognized as interest revenue, and then to lease receivable.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

M. 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 purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

N. 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/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 and improvements	\$ 5,000	5-50 years
Furniture and equipment	5,000	5-20 years
Land improvements	5,000	20 years
Vehicles	5,000	8-15 years
Leased equipment	N/A	Lease term

O. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption 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.

P. 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Q. 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 and the federal supply chain assistance monies in the school food service fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

R. 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 30th.

S. 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 plans established under Internal Revenue Code Sections 403(b) and 457.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the 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*.

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 four 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 includes receivables of certain state aid allocations and amounts due from other governments for tuition charges. 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 is related to the long-term lease receivable for properties that the District leases to third parties. Revenues will be recognized systematically over the term of the lease agreements. The third item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The fourth 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/amortization) reduced by outstanding balances of related debt obligations from the acquisitions, construction, improvements, and leasing 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.

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Statements

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

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

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the 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.

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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 capital projects fund.

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the scholarships 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 overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year’s budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board 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 agreements.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	Statement
June 30, 2023	GASB No. 96 - <i>Subscription Based Information Technology Agreements</i>

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

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.

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 resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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/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.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are 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 following supplemental appropriations occurred during the year:

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Voter-authorized appropriations from capital reserve per May 2022 proposition	\$ 6,986,175
Voter-authorized appropriation from fund balance for completing capital improvements per May 2022 proposition	2,700,000
Compensated absence benefits funded by employee benefit accrued liability reserve	632,950
Instructional supplies, desks, small equipment, and program costs funded by donations	<u>11,079</u>
	<u>\$ 10,330,204</u>

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.

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 securities pledged on the District's behalf at year-end.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Pool

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

NYLAF measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and Paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Total investments of the cooperative at June 30, 2022 are \$534,631,412, which consisted of \$171,432,734 in collateralized bank deposits, \$265,100,000 in repurchase agreements, \$204,231 in cash and \$97,894,447 in U.S. Treasury securities, with various interest rates and due dates.

At June 30, 2022, the District's general fund has \$124,327 in NYLAF investments which are included as cash.

The Lead Agent of NYLAF is the Red Hook Central School District of Red Hook, NY. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$4,788,967 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,702,106. 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	\$ 919,062
New York State - homeless aid	578,488
BOCES aid	1,135,968
Federal FEMA aid	<u>44,583</u>
	2,678,101
Special Aid Fund	
Federal and state grants	583,243
School Food Service Fund	
Federal and state food service program reimbursements	<u>295,388</u>
	<u>\$ 3,556,732</u>

District management expects these amounts to be fully collectible.

JERICO 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 school districts - Tuition receivable	\$ 271,422
Other school districts - Health services	158,945
Other school districts - Garage services	5,277
Nassau BOCES - Use of facilities	13,457
Nassau County - Drug and alcohol grant	44,878
	<u>\$ 493,979</u>

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

A. Capital and Leased Assets

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in capital assets at June 30, 2021. Leased equipment in the amount of \$258,528 was added to capital assets being depreciated/amortized, which increased the balance of capital assets, net. Capital assets 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/amortized:				
Land	\$ 357,356	\$	\$	\$ 357,356
Construction in progress	16,627,452	7,570,384	(16,089,628)	8,108,208
Total capital assets not being depreciated/amortized	16,984,808	7,570,384	(16,089,628)	8,465,564
Capital assets being depreciated/amortized				
Buildings and improvements	92,520,128	16,089,628		108,609,756
Furniture and equipment	4,628,537	353,488	(637,512)	4,344,513
Leased equipment	258,528			258,528
Total capital assets being depreciated/amortized	97,407,193	16,443,116	(637,512)	113,212,797
Less accumulated depreciation/amortization for:				
Buildings and improvements	32,850,651	6,837,260		39,687,911
Furniture and equipment	2,952,597	294,823	(623,344)	2,624,076
Leased equipment		147,730		147,730
Total accumulated depreciation/ amortization	35,803,248	7,279,813	(623,344)	42,459,717
Total capital assets being depreciated/amortized, net	61,603,945	9,163,303	(14,168)	70,753,080
Capital assets, net	<u>\$ 78,588,753</u>	<u>\$ 16,733,687</u>	<u>\$ (16,103,796)</u>	<u>\$ 79,218,644</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Depreciation and amortization expenses were charged to governmental functions as follows:

General support	\$ 750,090
Instruction	6,169,205
Pupil transportation	294,498
Food service program	<u>66,020</u>
Total depreciation/amortization expense	<u><u>\$ 7,279,813</u></u>

B. Lease Liabilities

The District has entered into a lease arrangement with BOCES for photocopiers that is subject to GASB Statement No. 87. The lease expires on March 31, 2023 and has an implicit interest rate of 0.845%. These photocopiers under lease are included in leased equipment 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	\$ 1,640,032	\$ 1,012,716	\$	\$ 11,166,547
Special Aid Fund	1,178,130	1,796,242	179,203	
School Food Service Fund	92,412	101,616	26,169	
Capital Projects Fund			<u>10,961,175</u>	
	<u><u>\$ 2,910,574</u></u>	<u><u>\$ 2,910,574</u></u>	<u><u>\$ 11,166,547</u></u>	<u><u>\$ 11,166,547</u></u>

The District typically transfers from the general fund to the special aid fund, school food service fund, and capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities. The transfer to the school food service fund was to provide funding for outstanding student accounts balances per state regulations. The transfer to the capital projects fund was for capital improvements in accordance with the voters-approved budget and propositions. Interfund balances are expected to be repaid within one year.

12. LEASE RECEIVABLE

The District entered into an agreement to lease the Robert Williams School located at Barbara Lane to the Nassau BOCES. Under the agreement, the District receives 12 equal monthly installments in each fiscal year covered by the agreement (July to June). The monthly installments increase by 2% in the next fiscal year until the agreement's expiration date of June 30, 2024. In addition, the District receives \$80,000 per fiscal year in

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

additional rent to cover necessary capital improvements. The tenant is responsible for reimbursing the District for all utilities. As of July 1, 2021, the implementation date of GASB Statement No. 87, *Leases*, the present value of the lease receivable and the corresponding deferred inflows of resources, measured using an implicit interest rate of 0.845%, were \$935,705. During the year ended June 30, 2022, the District recognized lease revenue and lease interest in the amounts of \$303,357 and \$6,271, respectively.

The following is the amortization schedule for the lease receivable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 311,682	\$ 4,138	\$ 315,820
2024	<u>320,666</u>	<u>1,470</u>	<u>322,136</u>
	<u>\$ 632,348</u>	<u>\$ 5,608</u>	<u>\$ 637,956</u>

The following is the amortization schedule for the deferred inflows of resources:

<u>Year Ending June 30,</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 311,682
2024	<u>320,666</u>
	<u>\$ 632,348</u>

13. 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	6/17/2022	1.50%	<u>\$ -</u>	<u>\$ 10,800,000</u>	<u>\$ (10,800,000)</u>	<u>\$ -</u>

The TAN was issued to provide cash flow for the District until real property taxes are received from the Towns.

Interest on short-term debt for the year was \$115,650. The District received an issuance premium in the amount of \$99,900, which was recorded as miscellaneous revenue, and resulted in a net effective interest rate of 0.2043%.

14. LONG-TERM LIABILITIES

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in lease liabilities. Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term liabilities:					
Lease liabilities	\$ 258,528	\$	\$ (147,341)	\$ 111,187	\$ 111,187
Other long-term liabilities:					
Compensated absences	19,161,405	493,223		19,654,628	1,000,000
	<u>\$19,419,933</u>	<u>\$ 493,223</u>	<u>\$ (147,341)</u>	<u>\$19,765,815</u>	<u>\$ 1,111,187</u>

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

B. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Leased copiers	4/1/2019	3/31/2023	0.845%	<u>\$ 111,187</u>

The following is a summary of principal and interest requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2023	<u>\$ 111,187</u>	<u>\$ 392</u>	<u>\$ 111,579</u>

There were no variable payments or other payments made for leases included above. There were no additional lease commitments entered into by the District after June 30, 2022.

C. Interest Expense

Interest on long-term liabilities for the year was \$1,432.

15. 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.nysstrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer 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 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15% of covered payroll for the ERS' fiscal year ended March 31, 2022.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022, was \$5,288,647 for TRS at the contribution rate of 9.80%, and \$2,174,511 for ERS at an average contribution rate of 14.53%.

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

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset for each of the systems. The net pension asset was measured as of June 30, 2021, for TRS and March 31, 2022 for ERS. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation. The District's proportion of the net pension asset 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 in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension asset	\$ 54,523,047	\$ 3,485,006
District's portion of the Plan's total net pension asset	0.314634%	0.0426322%
Change in proportion since the prior measurement date	0.006287	0.0031981

For the year ended June 30, 2022, the District recognized pension expense of \$3,076,443 for TRS and \$481,958 for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 7,515,424	\$ 263,924	\$ 283,271	\$ 342,325
Changes of assumptions	17,933,770	5,816,084	3,175,807	98,140
Net difference between projected and actual earnings on pension plan investments			57,064,010	11,411,935
Changes in proportion and differences between the District's contributions and proportionate share of contributions	226,095	999,226	354,399	94,178
District contributions subsequent to the measurement date	5,288,647	554,484		
Total	<u>\$ 30,963,936</u>	<u>\$ 7,633,718</u>	<u>\$ 60,877,487</u>	<u>\$ 11,946,578</u>

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending June 30,	TRS	ERS
2023	\$ (6,986,121)	\$ (599,199)
2024	(8,278,922)	(1,010,777)
2025	(10,466,121)	(2,763,949)
2026	(13,788,707)	(493,419)
2027	2,530,142	
Thereafter	1,787,531	
	<u>\$ (35,202,198)</u>	<u>\$ (4,867,344)</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	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 adjustment	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 for 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 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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 a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS (the 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.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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:

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ 5,721,399</u>	<u>\$ 54,523,047</u>	<u>\$ 95,537,291</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (8,970,368)</u>	<u>\$ 3,485,006</u>	<u>\$ 13,903,325</u>

Pension Plan Fiduciary Net Position

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

	<u>TRS</u>	<u>ERS</u>
	<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	<u>148,148,457</u>	<u>232,049,473</u>
Employers' net pension asset	<u>\$ 17,329,042</u>	<u>\$ 8,174,585</u>
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 combination of state aid intercept and payment by the District. 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 \$5,288,647 of employer contributions and \$519,621 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$554,485 of employer contributions. Employee contributions are remitted monthly.

JERICO UNION FREE SCHOOL DISTRICT
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16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$749,250 and \$3,325,084, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$958,346.

17. 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 – On the July 1, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	420
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>573</u>
	<u><u>993</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$95,449,272 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020, updated 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:

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inflation	2.60%	
Salary increases	2.60%	average, including inflation
Discount rate	3.54%	
Healthcare cost trend rates	5.30%	decreasing to 4.10% over 55 years
Retirees' share of benefit-related costs	50-65%	of projected health insurance premiums for retirees and surviving spouses

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

Mortality rates were based on the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generational projection of future improvements per the MP-2019 Ultimate Scale.

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 113,054,326</u>
Changes for the year	
Service cost	6,086,605
Interest on total OPEB liability	2,550,443
Changes of benefit terms	-
Differences between expected and actual experience	-
Effect of demographic gains or losses	-
Changes in assumptions or other inputs	(24,100,969)
Benefit payments	(2,141,133)
	<u>(17,605,054)</u>
Balance at June 30, 2022	<u><u>\$ 95,449,272</u></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:

OPEB	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	<u><u>\$ (112,140,097)</u></u>	<u><u>\$ (95,449,272)</u></u>	<u><u>\$(82,063,233)</u></u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.3% to 3.1%) or 1 percentage point higher (6.3% to 5.1%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	4.30%	5.30%	6.30%
	decreasing to	decreasing to	increasing to
OPEB	3.10%	4.10%	5.10%
Total OPEB liability	<u><u>\$(82,163,643)</u></u>	<u><u>\$ (95,449,272)</u></u>	<u><u>\$(112,754,298)</u></u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$5,438,075. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 451,129	\$ 15,586,877
Changes of assumptions or other inputs	<u>22,786,858</u>	<u>28,740,133</u>
Total	<u><u>\$ 23,237,987</u></u>	<u><u>\$ 44,327,010</u></u>

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

Year Ended June 30,	Amount
2023	\$ (3,198,973)
2024	(3,198,973)
2025	(3,198,973)
2026	(2,807,136)
2027	(3,536,746)
Thereafter	<u>(5,148,222)</u>
	<u><u>\$(21,089,023)</u></u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

18. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources at June 30, 2022, consists of estimated non-resident tuition receivables to be billed to school districts of residence, and the portion of the New York State and local aid receivables which is unavailable as current resources. Unavailable revenues, in the general fund at June 30, 2022, totaled \$1,492,109.

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

The District participates in the Nassau County Schools Cooperative Workers' Compensation Self Insured Plan (the 'Workers' Compensation Plan'), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. The Workers' Compensation Plan's total undiscounted liability for unbilled and open claims at June 30, 2022 was \$21,099,914. The discounted liability was \$18,122,866 with a discount rate of 2.0%. The District's allocated share of the discounted liability was \$1,219,669. The Workers' Compensation Plan has assets of \$24,787,526 at June 30, 2022 to pay these liabilities.

20. 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:

Retirement Contributions	
Teachers' retirement system	\$ 100,000
Employees' retirement system	<u>596,322</u>
	<u>\$ 696,322</u>

JERICOHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

21. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$6,421,833 has been appropriated by the District to partially fund the budget for the year ending June 30, 2023, and keep the 2022-23 property tax levy the same as the 2021-22 tax levy.

22. RESTRICTED FUND BALANCE - CAPITAL RESERVES

The following is a summary of the District's restricted capital reserves activities:

	Capital Reserve II	Capital Reserve III	Capital Reserve IV	Capital Reserve V	
Date Created	May 2015	May 2017	May 2019	May 2022	
Number of Years to Fund	10	10	10	10	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	
					<u>Total</u>
General Fund					
Funding Provided	\$ 10,000,000	\$ 20,000,000	\$ 20,000,000	\$ -	\$ 50,000,000
Interest Earnings	84,597	230,400	47,087		362,084
Use of Reserve	<u>(10,084,597)</u>	<u>(20,230,400)</u>	<u>(13,663,175)</u>		<u>(43,978,172)</u>
Total General Fund	<u>-</u>	<u>-</u>	<u>6,383,912</u>	<u>-</u>	<u>6,383,912</u>
Capital Projects Fund					
Funding Provided	\$ 10,084,597	\$ 20,230,400	\$ 13,663,175	\$ -	\$ 43,978,172
Use of Reserve	<u>(9,725,484)</u>	<u>(19,524,820)</u>			<u>(29,250,304)</u>
Total Capital Projects Fund	<u>359,113</u>	<u>705,580</u>	<u>13,663,175</u>	<u>-</u>	<u>14,727,868</u>
Balance as of June 30, 2022	<u>\$ 359,113</u>	<u>\$ 705,580</u>	<u>\$ 20,047,087</u>	<u>\$ -</u>	<u>\$ 21,111,780</u>

23. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those abatement programs, the District's 2021-2022 property taxes were abated by \$5,212,726. The District received payment in lieu of taxes (PILOT) payments totaling \$1,868,423.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

24. 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 amounts:

Assigned: Unappropriated fund balance	
General Fund	
General Support	\$ 233,372
Instruction	<u>632,771</u>
	866,143
Restricted fund balance:	
Capital Projects Fund	
Capital Projects	<u>7,137,765</u>
	<u><u>\$ 8,003,908</u></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's management believes that the outcome of any matters will not have a material effect on these financial statements. A lawsuit has also been commenced against the District under the Child Victim's Act. The District denies all allegations and liability in the lawsuit. The matter is being handled by the District's insurer.

25. 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 29, 2022, the District issued \$12,800,000 of tax anticipation notes. The TANs mature on June 16, 2023, and carry a stated interest rate of 4.5%. The District received a \$96,768 issuance premium, which results in a net interest rate of 3.44%.

JERICO 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
REVENUES				
Local Sources				
Real property taxes	\$ 106,984,847	\$ 106,981,798	\$ 106,981,798	\$ -
Other tax items	5,789,291	5,727,578	5,727,578	-
Charges for services	1,340,000	1,517,349	1,686,804	169,455
Use of money and property	700,000	587,413	587,413	-
Forfeiture			4,498	4,498
Sale of property and compensation for loss			5,496	5,496
Miscellaneous	500,000	511,079	558,963	47,884
Interfund revenues			6,602	6,602
Total Local Sources	115,314,138	115,325,217	115,559,152	233,935
State Sources	6,300,000	6,300,000	8,381,702	2,081,702
Medicaid Reimbursement			142,291	142,291
Federal Sources			2,567	2,567
Total Revenues and Other Sources	121,614,138	121,625,217	124,085,712	\$ 2,460,495
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	5,721,833	8,421,833		
Prior Year's Encumbrances	686,211	686,211		
Appropriated Reserves				
Retirement contribution - TRS	100,000	100,000		
Retirement contribution - ERS	561,130	561,130		
Employee benefit accrued liability		632,950		
Capital		6,986,175		
Total Appropriated Fund Balance	7,069,174	17,388,299		
Total Revenues				
Appropriated Fund Balance	\$ 128,683,312	\$ 139,013,516		

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.

JERICO 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
EXPENDITURES					
General Support					
Board of education	\$ 103,050	\$ 103,050	\$ 75,388	\$	\$ 27,662
Central administration	510,680	510,680	503,812		6,868
Finance	1,247,825	1,247,825	1,077,256	25,984	144,585
Staff	953,617	953,617	921,750		31,867
Central services	9,056,996	9,056,996	8,075,888	207,388	773,720
Special items	925,000	925,000	922,631		2,369
Total General Support	12,797,168	12,797,168	11,576,725	233,372	987,071
Instruction					
Administration & improvement	5,148,757	5,386,983	4,908,535		478,448
Teaching - regular school	41,711,317	41,346,372	38,089,053	200,430	3,056,889
Programs for students with disabilities	20,918,627	20,831,309	16,442,758	62,896	4,325,655
Occupational education	185,000	185,000	99,609		85,391
Instructional media	3,989,324	4,634,210	4,075,627	365,488	193,095
Pupil services	6,061,565	6,274,745	5,913,233	3,957	357,555
Total Instruction	78,014,590	78,658,619	69,528,815	632,771	8,497,033
Pupil Transportation	6,140,960	6,140,960	5,554,495		586,465
Community Services	10,000	10,000	-		10,000
Employee Benefits	29,595,594	29,595,594	27,342,425		2,253,169
Debt Service:					
Principal	-	148,000	147,341		659
Interest	200,000	121,500	117,081		4,419
Total Debt Service	200,000	269,500	264,422	-	5,078
Total Expenditures	126,758,312	127,471,841	114,266,882	866,143	12,338,816
OTHER FINANCING USES					
Operating Transfers Out	1,925,000	11,541,675	11,166,547		375,128
Total Expenditures and Other Uses	\$ 128,683,312	\$ 139,013,516	125,433,429	\$ 866,143	\$ 12,713,944
Net Change in Fund Balance			(1,347,717)		
Fund Balances - Beginning of Year			56,676,568		
Fund Balances - End of Year			\$ 55,328,851		

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.

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

<i>Teachers' Retirement System</i>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.314634%	0.308347%	0.305524%	0.306770%	0.307166%	0.310583%	0.318384%	0.313289%
District's proportionate share of the net pension asset/(liability)	\$ 54,523,047	\$ (8,520,462)	\$ 7,937,523	\$ 5,547,221	\$ 2,334,766	\$ (3,326,473)	\$ 33,069,962	\$ 34,898,485
District's covered payroll	\$ 53,391,142	\$ 52,337,102	\$ 50,596,752	\$ 49,969,482	\$ 48,675,674	\$ 47,778,311	\$ 47,825,613	\$ 46,227,722
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.12 %	16.28 %	15.69 %	11.10 %	4.80 %	6.96 %	69.15 %	75.49 %
Plan fiduciary net position as a percentage of the total pension liability	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
<i>Employees' Retirement System</i>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset	0.0426322%	0.0394341%	0.0393737%	0.0412623%	0.0456009%	0.0461609%	0.0440387%	0.0446373%
District's proportionate share of the net pension asset/(liability)	\$ 3,485,006	\$ (39,266)	\$ (10,426,373)	\$ (2,923,562)	\$ (1,471,744)	\$ (4,337,379)	\$ (7,068,327)	\$ (1,507,956)
District's covered payroll	\$ 15,428,941	\$ 14,581,711	\$ 14,176,148	\$ 13,640,291	\$ 13,694,990	\$ 14,483,504	\$ 14,043,651	\$ 13,444,094
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	22.59 %	0.27 %	73.55 %	21.43 %	10.75 %	29.95 %	50.33 %	11.22 %
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	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.

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

Teachers' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 5,288,647	\$ 5,088,109	\$ 4,637,067	\$ 5,415,866	\$ 4,897,009	\$ 5,704,789	\$ 6,354,997	\$ 8,383,830	\$ 7,520,130	\$ 5,459,091
Contributions in relation to the contractually required contribution	<u>5,288,647</u>	<u>5,088,109</u>	<u>4,637,067</u>	<u>5,415,866</u>	<u>4,897,009</u>	<u>5,704,789</u>	<u>6,354,997</u>	<u>8,383,830</u>	<u>7,520,130</u>	<u>5,459,091</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	\$ 53,965,786	\$ 53,391,142	\$ 52,337,102	\$ 50,596,752	\$ 49,969,482	\$ 48,675,674	\$ 47,778,311	\$ 47,825,613	\$ 46,227,722	\$ 46,107,185
Contributions as a percentage of covered payroll	10%	10%	9%	11%	10%	12%	13%	18%	16%	12%

Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,174,511	\$ 2,009,521	\$ 2,009,871	\$ 2,017,311	\$ 2,095,993	\$ 1,993,467	\$ 2,101,938	\$ 2,238,549	\$ 2,690,137	\$ 2,635,354
Contributions in relation to the contractually required contribution	<u>2,174,511</u>	<u>2,009,521</u>	<u>2,009,871</u>	<u>2,017,311</u>	<u>2,095,993</u>	<u>1,993,467</u>	<u>2,101,938</u>	<u>2,238,549</u>	<u>2,690,137</u>	<u>2,635,354</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	\$ 14,961,375	\$ 14,168,917	\$ 14,531,266	\$ 14,379,325	\$ 13,665,066	\$ 13,890,970	\$ 13,861,931	\$ 12,825,571	\$ 12,506,699	\$ 13,340,531
Contributions as a percentage of covered payroll	15%	14%	14%	14%	15%	14%	15%	17%	22%	20%

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of 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	\$ 6,086,605	\$ 4,943,898	\$ 3,822,001	\$ 4,762,629	\$ 4,539,915
Interest	2,550,443	2,559,996	3,212,848	3,075,841	2,910,598
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	-	-	897,727	31,899
Effect of demographic gains or losses	-	(20,697,329)	-	-	-
Changes of assumptions or other inputs	(24,100,969)	16,363,230	18,120,469	(16,207,684)	-
Benefit payments	<u>(2,141,133)</u>	<u>(2,006,027)</u>	<u>(2,455,715)</u>	<u>(2,189,760)</u>	<u>(2,204,186)</u>
Net change in total OPEB liability	(17,605,054)	1,163,768	22,699,603	(9,661,247)	5,278,226
Total OPEB liability, beginning	<u>113,054,326</u>	<u>111,890,558</u>	<u>89,190,955</u>	<u>98,852,202</u>	<u>93,573,976</u>
Total OPEB liability, ending	<u>\$ 95,449,272</u>	<u>\$ 113,054,326</u>	<u>\$ 111,890,558</u>	<u>\$ 89,190,955</u>	<u>\$ 98,852,202</u>
Covered employee payroll	\$ 58,662,192	\$ 58,662,192	\$ 55,558,600	\$ 55,558,600	\$ 57,197,915
Total OPEB liability as a percentage of covered employee payroll	162.71%	192.72%	201.39%	160.53%	172.82%
Discount rate	3.54%	2.16%	2.21%	3.50%	4.10%
Healthcare trend rates	5.30% to 4.10% by 2076	5.30% to 4.10% by 2076	6.10% to 4.10% by 2076	6.10% to 4.10% by 2076	8.0% to 5.0% by 2021

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

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

JERICO 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	\$ 127,997,101
Additions:	
Prior year's encumbrances	<u>686,211</u>
Original Budget	<u>128,683,312</u>
Budget revisions	
Voter-authorized appropriations from capital reserve per May 2022 proposition	6,986,175
Voter-authorized appropriation from fund balance for completing capital improvements per May 2022 proposition	2,700,000
Compensated absence benefits funded by employee benefit accrued liability reserve	632,950
Instructional supplies, desks, small equipment, and program costs funded by donations	<u>11,079</u>
Total budget revisions	<u>10,330,204</u>
Final Budget	<u><u>\$ 139,013,516</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget	<u><u>\$ 130,073,339</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$ 5,202,934</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 7,287,976
Unassigned fund balance	<u>5,202,934</u>
	\$ 12,490,910
Less:	
Appropriated fund balance	6,421,833
Encumbrances	<u>866,143</u>
Total adjustments	<u>7,287,976</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 5,202,934</u></u>
Actual Percentage	4.00%

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

PROJECT TITLE	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
	Budget June 30, 2021	Budget June 30, 2022	Prior Years	Current Year	Total		Proceeds of Obligations/ State Aid	Local Sources	Capital Reserve	Total	
District-wide upgrades and replacements											
2017-2018	\$ 925,000	\$ 925,000	\$ 777,313	\$ 138,387	\$ 915,700	\$ 9,300	\$	\$ 925,000	\$	\$ 925,000	\$ 9,300
2018-2019	2,135,000	2,135,000	2,028,711	50,040	2,078,751	56,249		2,135,000		2,135,000	56,249
2019-2020	2,140,130	2,140,130	1,265,172	874,958	2,140,130	-		2,140,130		2,140,130	-
2020-2021	1,275,000	1,275,000	441,356	18,035	459,391	815,609		1,275,000		1,275,000	815,609
2021-2022		1,275,000		84,766	84,766	1,190,234		1,275,000		1,275,000	1,190,234
Smart Schools Bond Act (SSBA) projects	479,961	479,961	220,570		220,570	259,391	479,961			479,961	259,391
May 2016 Proposition No. 2	16,306,125	16,306,125	16,050,179	111,326	16,161,505	144,620		6,219,637	10,086,488	16,306,125	144,620
May 2017 Proposition No. 2	9,301,260	8,601,260	8,107,316	134,831	8,242,147	359,113			8,601,260	8,601,260	359,113
May 2018 Proposition No. 2	16,125,134	14,825,134	14,137,256	176,375	14,313,631	511,503		4,034,397	10,790,737	14,825,134	511,503
May 2019 Proposition No. 2	9,831,850	9,831,850	5,233,586	3,050,940	8,284,526	1,547,324		3,831,850	6,000,000	9,831,850	1,547,324
May 2021 Proposition No. 2	12,900,000	12,900,000	48,870	3,468,550	3,517,420	9,382,580		1,300,000	11,600,000	12,900,000	9,382,580
May 2022 Proposition No. 2		9,686,175			-	9,686,175		2,700,000	6,986,175	9,686,175	9,686,175
Totals	<u>\$ 71,419,460</u>	<u>\$ 80,380,635</u>	<u>\$ 48,310,329</u>	<u>\$ 8,108,208</u>	<u>\$ 56,418,537</u>	<u>\$ 23,962,098</u>	<u>\$ 479,961</u>	<u>\$ 25,836,014</u>	<u>\$ 54,064,660</u>	<u>\$ 80,380,635</u>	23,962,098
									Less: Unrealized State SSBA Aid		<u>(479,961)</u>
											<u>\$ 23,482,137</u>

JERICO UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2022

Capital assets, net		<u><u>\$ 79,218,644</u></u>
Deduct:		
Short-term portion of lease liabilities	(111,187)	
Long-term portion of lease liabilities	<u>-</u>	<u>(111,187)</u>
Net Investment in Capital Assets		<u><u>\$ 79,107,457</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Jericho Union Free School District (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 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jericho Union Free School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jericho Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jericho Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jericho Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

October 13, 2022

