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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
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The North Merrick Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, 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 2021 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by $4,847,705 to $25,109,896. This was due to expenses exceeding revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $39,545,134. Of this amount, $1,877,897 was offset by program charges for services, operating and capital grants. General revenues of $32,819,532 amount to 94.6% of total revenues and were not adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was $5,263,019 at June 30, 2021. This balance represents a $595,131 (10.16%) decrease 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:

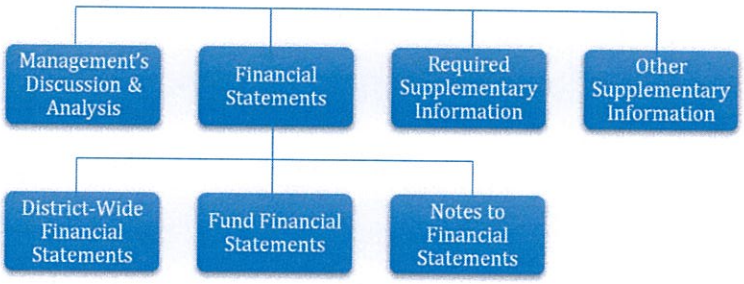
  –Restricted fund balances decreased by $237,120 due to the use of reserves net of funding of reserves and interest allocated.

  –Assigned fund balance decreased $382,943, primarily due to the District decreasing the fund balance appropriated to fund the 2022 budget.

  –Unassigned fund balance increased by $24,932 to $1,386,618.
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021, as a result the agency activities previously reported with the fiduciary fund are reported within the governmental funds. This had no effect on the District's net position.
- On May 18, 2017, the District issued serial bonds in the amount of $14,650,000 to fund improvements to the District's facilities. As of June 30, 2021, the District has expended $14,599,276 related to these capital projects.
- The District's 2021 property tax levy including STAR of $23,996,420 was a 1.99% increase over the 2020 tax levy, which was equal to the property tax cap.
- The District's latest underlying long-term credit rating from Moody's Investor Service, Inc. is Aa2.
- On May 18, 2021, the voters of the District approved to transfer $1,100,000 from the 2015 capital reserve fund and transfer $600,000 to the retirement contribution reserve for the employees' retirement system, $200,000 to the retirement contribution reserve for the teachers' retirement system, and $300,000 to the employee benefit accrued liability reserve.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program in the amount of $30,663 passed through the state and $150,000 from the Town of Hempstead. As of June 30, 2021, the District has recognized $156,131 in revenue from the CARES Act. The District applied for additional funding in the amount of $1,121,102 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which award was granted in September 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

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 debt, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes 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 a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The June 30, 2020 current and other assets and current and other liabilities were increased by $237,583, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, however, there was no change in total net position.

The District's total net position decreased by $4,847,705 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 8,386,829	$ 9,673,344	$ (1,286,515)	(13.30)%
Capital Assets, Net	20,122,842	19,714,299	408,543	2.07 %
Net Pension Asset - Proportionate Share		2,173,058	(2,173,058)	(100.00)%
Total Assets	28,509,671	31,560,701	(3,051,030)	(9.67)%
Deferred Outflows of Resources	26,587,518	20,220,646	6,366,872	31.49 %
Liabilities				
Current and Other Liabilities	2,842,414	3,427,561	(585,147)	(17.07)%
Long-Term Liabilities	16,290,887	17,017,102	(726,215)	(4.27)%
Net Pension Liabilities - Proportionate Share	2,332,603	2,674,384	(341,781)	(12.78)%
Total OPEB Liability	46,411,271	44,423,222	1,988,049	4.48 %
Total Liabilities	67,877,175	67,542,269	334,906	0.50 %
Deferred Inflows of Resources	12,329,910	4,501,269	7,828,641	173.92 %
Net Position (Deficit)				
Net Investment in Capital Assets	7,803,566	6,610,023	1,193,543	18.06 %
Restricted	3,579,010	3,911,341	(332,331)	(8.50)%
Unrestricted (Deficit)	(36,492,472)	(30,783,555)	(5,708,917)	(18.55)%
Total Net Position (Deficit)	$ (25,109,896)	$ (20,262,191)	$ (4,847,705)	(23.92)%

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

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

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State", provides additional information.

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

The decrease in current and other liabilities is primarily due to decreases in the District's accounts payable, amounts due to other governments and other liabilities offset by increases in the amounts due to the teachers' retirement system and compensated absences liability for unpaid retirees effective June 30, 2021.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness, net of an increase in the long-term compensated absences liability.

Net pension liabilities – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's net pension liability at the measurement date of the respective year. The decrease is due to a decrease in the pension liability for the ERS, offset by an increase in the TRS liability as a result of the proportionate share shifting from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State", provides additional information.

The total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits", provides additional information.

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

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

The restricted net position relates to the District's reserves and amounts restricted for debt service. This number decreased from the prior year principally due to the appropriation of reserves to fund current year expenses in excess of transfers into the reserves, and interest earned on reserves.

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

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 201,903	$ 426,584	$ (224,681)	(52.67)%
Operating Grants	1,047,534	576,978	470,556	81.56 %
Capital Grants	628,460		628,460	N/A
General Revenues				
Property Taxes and STAR	23,996,420	23,527,976	468,444	1.99 %
State Sources	8,010,015	7,573,562	436,453	5.76 %
Other	813,097	400,876	412,221	102.83 %
Total Revenues	34,697,429	32,505,976	2,191,453	6.74 %
Expenses				
General Support	6,665,486	6,461,566	203,920	3.16 %
Instruction	31,596,547	30,778,176	818,371	2.66 %
Pupil Transportation	503,829	467,893	35,936	7.68 %
Debt Service - Interest	380,176	373,078	7,098	1.90 %
Food Service Program	399,096	308,346	90,750	29.43 %
Total Expenses	39,545,134	38,389,059	1,156,075	3.01 %
Change in Net Position	$ (4,847,705)	$ (5,883,083)	$ 1,035,378	17.60 %

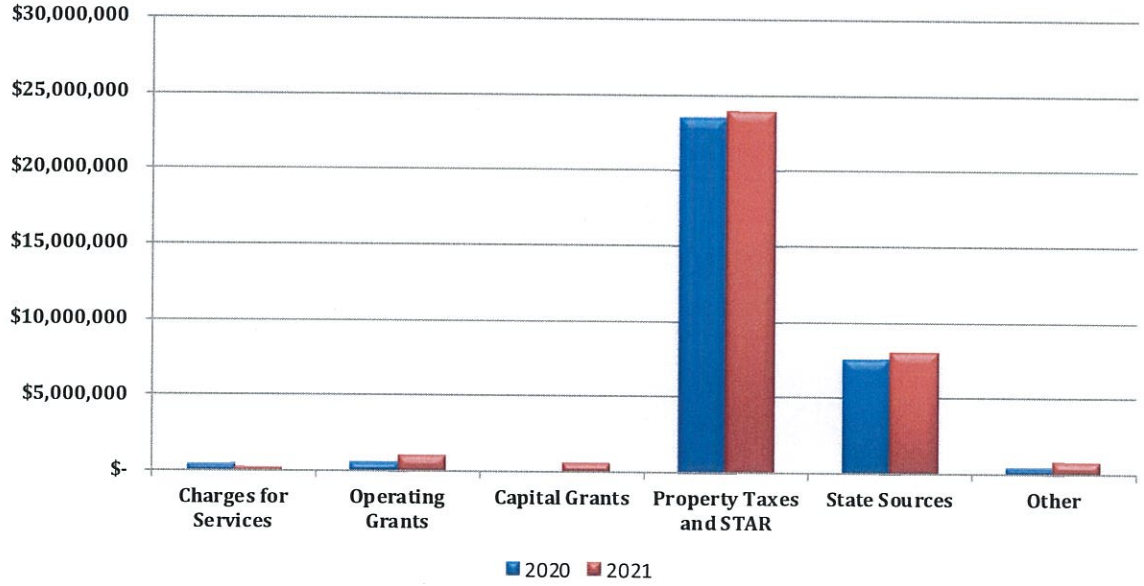
The District's net position decreased by $4,786,822 and $5,883,083 for the years ended June 30, 2021 and 2020, respectively.

The District's revenues increased by $2,191,453 or 6.74%. This increase was due to increases in operating grants, capital grants, property taxes and STAR, state sources and other revenue, offset by a decrease in charges for services. The increase in property taxes and STAR is due to an increase in the tax levy in accordance with the 2020-2021 budget. The increase in operating grants is primarily due to the District receiving more in federal reimbursements for the food service program. In addition, the District received $150,000 of federal funds from the Town of Hempstead to assist with increased costs related to the COVID-19 pandemic and additional grant revenues from ESSER and GEER through the CARES Act. In the current year, the District recognized revenues for reimbursement of expenses through the Smart School Bond Act. These amounts are included in capital grants. The increase in state sources is mostly due to the District receiving more in general aid. The increase in other revenue is due to the District receiving more in PILOT than the previous year and received more refunds from prior expenses in the current year. The decrease in charges for services is primarily due to a decrease in tuition received from other districts as a result of a decrease in enrollment.

The District's total expenses for the year increased by $1,156,075 or 3.01%. The increase in expense is primarily due to increases in instruction and general support. The increase in general support is primarily due to increased costs for supplies and materials related to the COVID-19 pandemic. The increase in instruction is mostly due to increased salaries.

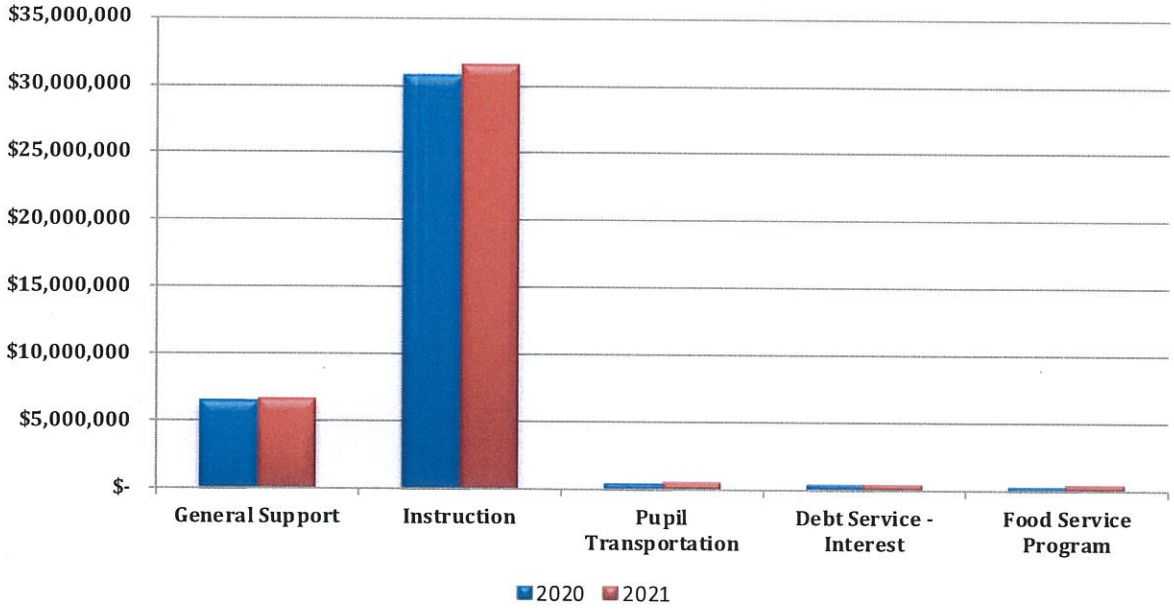
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 69.2% and 72.4% of the total for the years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 79.8% and 80.2% of the total for the years 2021 and 2020, respectively).

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	1.3%	1.8%	0.0%	72.4%	23.3%	1.2%
2021	0.6%	3.0%	1.8%	69.2%	23.1%	2.3%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2020	16.8%	80.2%	1.2%	1.0%	0.8%
2021	16.9%	79.8%	1.3%	1.0%	1.0%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of $4,949,916, which is a decrease of $1,200,211 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources 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:

	2021	2020	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Unemployment insurance	$ 70,101	$ 70,049	$ 52	0.07 %
Retirement contribution:				
Teachers' retirement system	285,551	205,396	80,155	39.02 %
Employees' retirement system	1,761,205	1,149,707	611,498	53.19 %
Insurance	145,146	145,037	109	0.08 %
Employee benefit accrued liability	1,139,602	969,441	170,161	17.55 %
Capital	105,592	1,204,687	(1,099,095)	(91.23)%
Assigned:				
Appropriated fund balance	343,167	669,000	(325,833)	(48.70)%
Unappropriated fund balance	26,037	83,147	(57,110)	(68.69)%
Unassigned: Fund balance	1,386,618	1,361,686	24,932	1.83 %
	5,263,019	5,858,150	(595,131)	(10.16)%
School Food Service Fund				
Nonspendable: Inventory	2,679	4,425	(1,746)	(39.46)%
Assigned: Unappropriated fund balance	26,792	51,455	(24,663)	(47.93)%
	29,471	55,880	(26,409)	(47.26)%
Debt Service Fund				
Restricted debt service	1,170	1,170	-	0.00 %
Capital Projects Fund				
Restricted:				
Capital	70,643	165,854	(95,211)	(57.41)%
Unspent bond proceeds	50,724	50,724	-	0.00 %
Assigned: Unappropriated fund balance		18,349	(18,349)	(100.00)%
Unassigned: Fund balance (deficit)	(465,111)		(465,111)	N/A
	(343,744)	234,927	(578,671)	(246.32)%
Total Fund Balance	$ 4,949,916	$ 6,150,127	$ (1,200,211)	(19.52)%

A. General Fund

The net change in the general fund – fund balance is a decrease of $595,131 or 10.16% compared to a decrease of $452,577 in 2020. This resulted from expenditures and other uses in excess of revenues.

The District's revenues increased by $1,584,343 or 4.99%, as compared to the prior year. This increase is attributable to increases in property taxes and STAR, miscellaneous revenue, state and federal sources, offset by the decrease in operating transfers in. The increase in property taxes and STAR is due to an increase in the tax levy in accordance with the 2020-2021 budget. The increase in miscellaneous revenue is due to refunds of prior year expenditures. The increase in state sources is due to the increase in general aid. The increase in federal sources is due to the District receiving federal funds through the Town of Hempstead to fund costs related to the COVID-19 pandemic, as well as grant funds through the CARES Act. In the prior year, the District transferred unused funds from the capital projects fund to the general fund. The District did not make a similar transfer in the current year resulting in the decrease in operating transfers in.

Expenditures and other financing uses increased by $1,726,897 or 5.37% over the prior year. This increase was primarily due to increases in general support, instruction and employee benefits. In the current year, the District transferred $145,000 to the capital projects fund to fund district-wide improvements compared to a transfer of $225,000 in the prior year.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Unemployment insurance	$ 70,049	$	$ 52	$	$ 70,101	$
Retirement contribution:						
TRS	205,396	(5,000)	155	85,000	285,551	200,396
ERS	1,149,707	77,092	864	533,542	1,761,205	611,000
Insurance	145,037		109		145,146	40,000
EBALR	969,441	112,767	728	56,666	1,139,602	
Capital	1,204,687	(1,100,000)	905		105,592	
	$ 3,744,317	$ (915,141)	$ 2,813	$ 675,208	$ 3,507,197	$ 851,396

Use of reserves includes transfers between reserves and is offset by unused appropriated reserves. Additional detail regarding capital reserves can be found in Note 21 "Restricted for Capital Reserve."

B. School Food Service Fund

The net change in the school food service fund – fund balance is a decrease of $26,409, which was the operating loss of the food service program.

C. Debt Service Fund

There was no change in debt service fund-fund balance this year as no transfers were made to offset current year debt payments. The District's plan is to use the remaining fund balance from the debt service fund to offset the debt service costs in the 2021-2022 school year.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of $578,671, primarily due to expenditures incurred during the year on capital projects, net of a transfer in from the general fund.

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

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
2015 Capital Reserve	$ 165,854	$ (95,211)	$ -	$ 70,643

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was $34,178,656. This amount was increased by encumbrances carried forward from the prior year in the amount of $83,147. The District also appropriated an additional $187,233 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve for a total final budget of $34,449,036.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $23,996,420 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, 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:

Opening, Unassigned Fund Balance	$ 1,361,686
Revenues Over Budget	637,369
Expenditures and Encumbrances Under Budget	520,913
Unused Appropriated Reserves	(112,162)
Allocation to Reserves	(678,021)
Appropriated to Fund the June 30, 2022 Budget	(343,167)
Closing, Unassigned Fund Balance	$ 1,386,618

Opening, Unassigned Fund Balance

The $1,361,686 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was $32,669,586. Actual revenue and other financing sources recognized for the year were $33,306,955. The excess of actual revenues over estimated or budgeted revenues was $637,369, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. 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 2020-2021 final budget for expenditures was $34,449,036. Actual expenditures and other financing uses as of June 30, 2021 were $33,902,086 and outstanding encumbrances were $26,037. Combined, the expenditures plus encumbrances for 2020-2021 were $33,928,123. The final budget variance was $520,913, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2020-2021 budget, $840,070 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, $112,162 of this funding was not needed and, therefore, it was returned to the reserves for future use.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use $343,167 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 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, 2021 was $1,386,618. This amount equals 4.0% of the 2021-2022 budget and is equal to the statutory limit.

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

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of $792,367 in excess of depreciation expense of $383,824 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	$ 120,104	$ 120,104	$ -
Construction in progress	839,466	15,258,709	(14,419,243)
Buildings & building improvements	18,384,316	3,499,425	14,884,891
Site improvements	517,611	545,663	(28,052)
Furniture & equipment	246,673	270,611	(23,938)
Vehicles	14,672	19,787	(5,115)
Capital assets, net	$ 20,122,842	$ 19,714,299	$ 408,543

B. Debt Administration

At June 30, 2021, the District had total bonds payable of $12,370,000. The bonds were issued on May 18, 2017 for facilities improvements; principal repayments began in the 2018-2019 fiscal year. A summary of the outstanding debt at June 30, 2021 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
2017	3.00%	$ 12,370,000	$ 13,155,000	$ (785,000)

The District's latest underlying long-term credit rating from Moody's Investor Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2021 are approximately 3.50% of the District's debt limit.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Compensated absences payable	$ 3,670,515	$ 3,573,473	$ 97,042
Net pension liabilities - proportionate share	2,332,603	2,674,384	(341,781)
Total OPEB liability	46,411,271	44,423,222	1,988,049
	$ 52,414,389	$ 50,671,079	$ 1,743,310

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is $34,665,460. This is an increase of $486,804 or 1.42% over the previous year's budget. The increase is principally in the instructional program ($366,650) area of the budget.

The District budgeted revenues other than property taxes and STAR at a $427,568 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of $343,167 is a decrease of $325,833 from the previous year. Additionally, the District has elected to appropriate $851,396 of reserves towards the next year's budget, which is an increase of $10,696 over the previous year. A property tax increase of $374,373 (1.56%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2021-2022 is 1.56%. The District's 2021-2022 property tax increase of 1.56% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

ASSETS	
Cash	
Unrestricted	$ 1,673,538
Restricted	3,629,734
Receivables	
Taxes receivable	544,017
Accounts receivable	2,892
Due from state and federal	2,239,052
Due from other governments	294,917
Inventory	2,679
Capital assets:	
Not being depreciated	959,570
Being depreciated, net of accumulated depreciation	19,163,272
Total Assets	28,509,671
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	10,453,040
Other postemployment benefits	16,134,478
Total Deferred Outflows of Resources	26,587,518
LIABILITIES	
Payables	
Accounts payable	478,472
Accrued liabilities	489,903
Due to teachers' retirement system	1,495,713
Due to employees' retirement system	149,592
Compensated absences	125,731
Other liabilities	81,694
Unearned credits	
Collections in advance	21,309
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	845,866
Due and payable after one year	
Bonds payable, net	11,774,506
Compensated absences payable	3,670,515
Net pension liabilities - proportionate share	2,332,603
Total other postemployment benefits liability	46,411,271
Total Liabilities	67,877,175
DEFERRED INFLOWS OF RESOURCES	
Pensions	4,154,841
Other postemployment benefits	8,175,069
Total Deferred Inflows of Resources	12,329,910
NET POSITION (DEFICIT)	
Net investment in capital assets	7,803,566
Restricted:	
Unemployment insurance	70,101
Retirement contribution	
Teachers' retirement system	285,551
Employees' retirement system	1,761,205
Insurance	145,146
Employee benefit accrued liability	1,139,602
Capital	176,235
Debt service	1,170
	3,579,010
Unrestricted (deficit)	(36,492,472)
Total Net Position (Deficit)	$ (25,109,896)

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 6,665,486	$	$ 156,131	$	$ (6,509,355)
Instruction	31,596,547	197,750	517,140	628,460	(30,253,197)
Pupil transportation	503,829				(503,829)
Debt service - interest	380,176				(380,176)
Food service program	399,096	4,153	374,263		(20,680)
Total Functions and Programs	$ 39,545,134	$ 201,903	$ 1,047,534	$ 628,460	(37,667,237)
GENERAL REVENUES					
Real property taxes					21,424,613
Other tax items					2,892,890
Use of money and property					48,490
Sale of property and compensation for loss					36,598
Miscellaneous					406,926
State sources					8,010,015
Total General Revenues					32,819,532
Change in Net Position					(4,847,705)
Total Net Position (Deficit) - Beginning of Year					(20,262,191)
Total Net Position (Deficit) - End of Year					$ (25,109,896)

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 1,563,253	$ 9,360	$ 4,145	$	$ 96,780	$ 1,673,538
Restricted	3,508,367				121,367	3,629,734
Receivables						
Taxes receivable	544,017					544,017
Accounts receivable	2,892					2,892
Due from other funds	938,877			1,170		940,047
Due from state and federal	1,009,536	455,767	145,289		628,460	2,239,052
Due from other governments	294,917					294,917
Inventory			2,679			2,679
Total Assets	$ 7,861,859	$ 465,127	$ 152,113	$ 1,170	$ 846,607	$ 9,326,876
LIABILITIES						
Payables						
Accounts payable	$ 290,416	$ 650	$ 745	$	$ 186,661	$ 478,472
Accrued liabilities	427,805	248				428,053
Due to other funds		464,229	100,588		375,230	940,047
Due to teachers' retirement system	1,495,713					1,495,713
Due to employees' retirement system	149,592					149,592
Compensated absences	125,731					125,731
Other liabilities	81,694					81,694
Unearned credits						
Collections in advance			21,309			21,309
Total Liabilities	2,570,951	465,127	122,642	-	561,891	3,720,611
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	27,889				628,460	656,349
FUND BALANCES (DEFICIT)						
Nonspendable: Inventory			2,679			2,679
Restricted:						
Unemployment insurance	70,101					70,101
Retirement contribution						
Teachers' retirement system	285,551					285,551
Employees' retirement system	1,761,205					1,761,205
Insurance	145,146					145,146
Employee benefit accrued liability	1,139,602					1,139,602
Capital	105,592				70,643	176,235
Debt				1,170		1,170
Unspent bond proceeds					50,724	50,724
Assigned:						
Appropriated fund balance	343,167					343,167
Unappropriated fund balance	26,037		26,792			52,829
Unassigned: Fund balance (deficit)	1,386,618				(465,111)	921,507
Total Fund Balances (Deficit)	5,263,019	-	29,471	1,170	(343,744)	4,949,916
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,861,859	$ 465,127	$ 152,113	$ 1,170	$ 846,607	$ 9,326,876

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances		$ 4,949,916
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, construction in progress, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 27,106,512	
Less: Accumulated depreciation	(6,983,670)	
		20,122,842
Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	10,453,040	
Net pension liability - teachers' retirement system	(2,322,759)	
Net pension liability - employees' retirement system	(9,844)	
Deferred inflows of resources	(4,154,841)	
		3,965,596
Total other postemployment benefits liability and 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	16,134,478	
Total other postemployment benefits liability	(46,411,271)	
Deferred inflows of resources	(8,175,069)	
		(38,451,862)
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.		656,349
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(61,850)	
Bonds payable, net	(12,620,372)	
Compensated absences payable	(3,670,515)	
		(16,352,737)
Total Net Position (Deficit)		$ (25,109,896)

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 21,424,613	$	$	$	$	$ 21,424,613
Other tax items	2,892,890					2,892,890
Charges for services	197,750					197,750
Use of money and property	48,490					48,490
Sale of property and compensation for loss	36,598					36,598
Miscellaneous	406,926					406,926
State sources	8,143,557	169,848	14,120			8,327,525
Federal sources	156,131	347,292	360,143			863,566
Sales			4,153			4,153
Total Revenues	33,306,955	517,140	378,416	-	-	34,202,511
EXPENDITURES						
General support	4,930,818					4,930,818
Instruction	19,094,178	525,080				19,619,258
Pupil transportation	476,278	27,551				503,829
Employee benefits	8,012,963					8,012,963
Debt service						
Principal	785,000					785,000
Interest	422,358					422,358
Food service program			404,825			404,825
Capital outlay					723,671	723,671
Total Expenditures	33,721,595	552,631	404,825	-	723,671	35,402,722
Excess (Deficiency) of Revenues Over Expenditures	(414,640)	(35,491)	(26,409)	-	(723,671)	(1,200,211)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		35,491			145,000	180,491
Operating transfers (out)	(180,491)					(180,491)
Total Other Financing Sources and (Uses)	(180,491)	35,491	-	-	145,000	-
Net Change in Fund Balances	(595,131)	-	(26,409)	-	(578,671)	(1,200,211)
Fund Balances (Deficit) - Beginning of Year	5,858,150	-	55,880	1,170	234,927	6,150,127
End of Year	$ 5,263,019	$ -	$ 29,471	$ 1,170	$ (343,744)	$ 4,949,916

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances		$ (1,200,211)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items is measured by the amount of financial resources provided (essentially, the amounts actually received).	$ 494,918	
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	(97,042)	
Capital Related Differences		397,876
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, capital outlays and other additions exceeded depreciation in the period.		
Capital outlays and other additions	792,367	
Depreciation expense	(383,824)	
Long-Term Debt Transactions Differences		408,543
The amortization of deferred premium on bond issuance, decreases interest expense in the Statement of Activities.	38,257	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	785,000	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021.	3,925	
		827,182
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	(1,737,471)	
Employees' retirement system	194,103	
Other postemployment benefits	(3,737,727)	
		(5,281,095)
Change in Net Position (Deficit) of Governmental Activities		$ (4,847,705)

See Notes to Financial Statements

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	Custodial
ASSETS	
Due from other governments	$ 391,815
LIABILITIES	
Due to other governments	391,815
NET POSITION	
Restricted for individuals, organizations, and other governments	$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

	Custodial
ADDITIONS	
Real property taxes collected for other governments:	
Central High School District	$ 19,721,974
Library	2,757,967
Total Additions	22,479,941
DEDUCTIONS	
Payments of real property taxes to other governments	22,479,941
Change in Net Position	-
Net Position - Beginning of Year	
Net Position - End of Year	$ -

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

B. Joint Venture

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

C. Basis of Presentation

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

Custodial Fund – is used to account for real property taxes 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.

E. Real Property Taxes

Calendar

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

The District also levies the real property taxes for the Bellmore-Merrick Central High School District and North Merrick Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library and High School District as

received from the Town. These pass-through amounts are not included in the District's real property tax revenues, but are accounted for in the custodial fund.

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% 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 $295,936 in LIPA PILOT revenue during the 2020-2021 fiscal year.

G. Restricted Resources

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

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Inventory

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

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

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

M. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings & building improvements	$ 15,000	50 years
Site improvements	15,000	20 years
Furniture & equipment	1,000	5-20 years
Vehicles	1,000	8 years

N. Deferred Outflows of Resources

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

O. Short-Term Debt

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

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

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

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

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

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

R. Other Benefits

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

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

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

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

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This consists of receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the

District-wide financial statements, unavailable revenues are treated as revenues. The second item, reported in the Statement of Net Position, is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

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

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

Restricted – 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.

Fund Statements

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

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

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Insurance Reserve

Insurance Reserve (GML §6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund and the capital projects fund.

Restricted for Debt

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

Restricted – Unspent Bond Proceeds

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

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

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, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities.* This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency activities previously reported within the fiduciary funds are now reported within the governmental funds.

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 standards 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, 2022	GASB No. 87 - *Leases*

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

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 long-term assets and liabilities.

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

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

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resource measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation 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 District appropriated an additional $187,233 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Capital Projects Fund Deficit

The capital projects fund has an unassigned fund balance deficit of $465,111. This will be funded when the District receives grant revenue from the state through the Smart Schools Bond Act.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed $1,851,216 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $882,648. 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, 2021 consisted of:

General Fund	
New York State - excess cost aid	$ 647,550
BOCES aid	361,986
	1,009,536
Special Aid Fund	
Federal and state grants	455,767
School Food Service Fund	
Federal and state food service program reimbursements	145,289
Capital Projects Fund	
Federal and state grants	628,460
	$ 2,239,052

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2021 consisted of:

General Fund	
Other districts - tuition	$ 138,127
Other districts - health services	6,790
Town of Hempstead	150,000
	$ 294,917

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	$ 120,104	$	$	$ 120,104
Construction in progress	15,258,709	723,670	(15,142,913)	839,466
Total capital assets not being depreciated	15,378,813	723,670	(15,142,913)	959,570
Capital assets being depreciated				
Buildings & building improvements	8,300,269	15,142,913		23,443,182
Site improvements	1,565,306	19,883		1,585,189
Furniture & equipment	940,967	48,814		989,781
Vehicles	128,790			128,790
Total capital assets being depreciated	10,935,332	15,211,610	-	26,146,942
Less accumulated depreciation for:				
Buildings & building improvements	4,800,844	258,022		5,058,866
Site improvements	1,019,643	47,935		1,067,578
Furniture & equipment	670,356	72,752		743,108
Vehicles	109,003	5,115		114,118
Total accumulated depreciation	6,599,846	383,824	-	6,983,670
Total capital assets, being depreciated, net	4,335,486	14,827,786	-	19,163,272
Capital assets, net	$ 19,714,299	$ 15,551,456	$ (15,142,913)	$ 20,122,842

Depreciation expense was charged to governmental functions as follows:

General support	$ 16,087
Instruction	365,667
Food service program	2,070
Total depreciation expense	$ 383,824

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2021, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 938,877	$	$	$ 180,491
Special Aid Fund		464,229	35,491	
School Food Service Fund		100,588		
Debt Service Fund	1,170			
Capital Projects Fund		375,230	145,000	
	$ 940,047	$ 940,047	$ 180,491	$ 180,491

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities. The transfer to the capital projects fund was for a voter approved transfer to provide funding for capital improvement projects

12. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	1.25%	$ -	$ 3,000,000	$ (3,000,000)	$ -

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was $27,708. The District received a premium of $17,425, which is included in miscellaneous revenue in the general fund. The effective interest rate was 0.4639%.

13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 13,155,000	$	$ (785,000)	$ 12,370,000	$ 810,000
Add: Premium on obligation	288,629		(38,257)	250,372	35,866
	13,443,629		(823,257)	12,620,372	845,866
Other long-term liabilities:					
Compensated absences	3,573,473	97,042	-	3,670,515	-
	$ 17,017,102	$ 97,042	$ (823,257)	$ 16,290,887	$ 845,866

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Serial bond - Improvements to facilities	5/18/2017	5/1/2034	3.00%	$ 12,370,000

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

Year Ending June 30,	Principal	Interest	Total
2022	$ 810,000	$ 371,100	$ 1,181,100
2023	835,000	346,800	1,181,800
2024	860,000	321,750	1,181,750
2025	890,000	295,950	1,185,950
2026	915,000	269,250	1,184,250
2027 - 2031	5,045,000	916,050	5,961,050
2032 - 2034	3,015,000	170,400	3,185,400
Total	$ 12,370,000	$ 2,691,300	$ 15,061,300

C. Premium on Obligation

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

Year Ending June 30,	Amortization of Premium
2022	$ 35,866
2023	33,401
2024	30,860
2025	28,237
2026	25,532
2027 - 2031	83,969
2032 - 2034	12,507
Total	$ 250,372

D. Interest Expense

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

Interest paid	$ 394,650
Less interest accrued in the prior year	(65,775)
Plus interest accrued in the current year	61,850
Less amortization of deferred premiums	(38,257)
Total interest expense on long-term debt	$ 352,468

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

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 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.78% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021, was $1,431,642 for TRS at the contribution rate of 9.53% and $522,908 for ERS at an average contribution rate of 13.71%.

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

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	$ (2,322,759)	$ (9,844)
District's portion of the Plan's total net pension asset/(liability)	0.084058%	0.0098857%
Change in proportion since the prior measurement date	0.000415	(0.0002137)

For the year ended June 30, 2021, the District recognized pension expense of $3,169,113 for TRS and $328,805 for ERS. At June 30, 2021, 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	$ 2,035,202	$ 120,217	$ 119,037	$
Changes of assumptions	2,937,750	1,809,918	1,047,154	34,136
Net difference between projected and actual earnings on pension plan investments	1,516,966	238,743		2,827,657
Changes in proportion and differences between the District's contributions and proportionate share of contributions	213,010		89,704	37,153
District contributions subsequent to the measurement date	1,431,642	149,592		
Total	$ 8,134,570	$ 2,318,470	$ 1,255,895	$ 2,898,946

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2022	$ 947,429	$ (84,119)
2023	1,869,158	(3,132)
2024	1,533,782	(115,056)
2025	933,460	(527,761)
2026	57,147	-
Thereafter	106,057	-
	$ 5,447,033	$ (730,068)

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, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019, 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.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

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 Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternative investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% 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 (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset (liability)	$ (14,672,070)	$ (2,322,759)	$ 8,041,442

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	$ (2,732,198)	$ (9,844)	$ 2,500,805

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, 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, 2021 amounted to $1,431,642 of employer contributions and $64,071 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, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $149,592 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS – OTHER

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements, however, the District made no contributions into this plan. Contributions made by the District and the employees for the year ended June 30, 2021, totaled $125,731 and $899,040, respectively.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2020, the following employees were covered by the benefit terms:

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

B. Total OPEB Liability

The District's total OPEB liability of $46,411,271 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.60%	
Discount rate	2.16%	
Healthcare cost trend rates	5.30%	for 2021, decreasing to an ultimate rate of 4.10% over 55 years
Retirees' share of benefit-related costs	10% - 65%	of projected health insurance premiums for retirees

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

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	$ 44,423,222
Changes for the year	
Service cost	2,044,114
Interest	1,018,031
Changes of benefit terms	-
Differences between expected and actual experience	(7,967,811)
Changes in assumptions or other inputs	7,703,343
Benefit payments	(809,628)
	1,988,049
Balance at June 30, 2021	$ 46,411,271

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021. Additionally, the actuary reported demographic assumption changes due to a decrease in overall membership and decrease in active members from 248 to 233. Other assumption changes include the adoption of 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, resulting in an increase in the accrued liability.

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

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	$ (55,574,074)	$ (46,411,271)	$ (39,188,655)

Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30-3.10%) or 1 percentage point higher (6.30-5.10%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% decreasing to 5.10%
Total OPEB liability	$ (39,748,449)	$ (46,411,271)	$ (55,260,240)

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

For the year June 30, 2021, the District recognized OPEB expense of $4,547,355. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 66,550	$ 8,175,069
Changes of assumptions or other inputs	16,067,928	
Total	$ 16,134,478	$ 8,175,069

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

Year Ending June 30,	Amount
2022	$ 1,485,210
2023	1,485,210
2024	1,485,210
2025	1,485,210
2026	1,485,210
Thereafter	533,359
	$ 7,959,409

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources at June 30, 2021, consists of excess cost aid due to the District from prior years. Unavailable revenues in the general fund at June 30, 2021, total $27,889.

Also included in the governmental fund financial statement as deferred inflows of resources, at June 30, 2021, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2021, total $628,460

18. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

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

The District participates in the Nassau County Schools Cooperative Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2021, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was $16,806,143 at a 2% discount rate. The Workers' Compensation Plan has assets of $23,399,025 to pay these liabilities. At June 30, 2021, the District's open claims, discounted at 2.00% are $426,036.

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2022:

Unemployment Insurance	$ 40,000
Retirement Contributions	
Teachers' retirement system	200,396
Employees' retirement system	611,000
	$ 851,396

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $343,167 has been appropriated to reduce taxes for the year ending June 30, 2022.

21. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve #1
Date Created	May 2015
Number of Years to Fund	10
Maximum Funding	$ 3,000,000
General Fund	
Funding Provided Since Inception	$ 320,000
Interest Earnings Since Inception	10,592
Use of Reserve Since Inception	(225,000)
Total General Fund	105,592
Capital Projects Fund	
Funding Provided Since Inception	225,000
Use of Reserve Since Inception	154,357
Total Capital Projects Fund	70,643
Balance as of June 30, 2021	$ 176,235

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2021, the District encumbered the following significant amounts:

Restricted:	
Capital Projects Fund	
Capital projects	$ 50,724
Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	25,277
Instruction	760
	26,037
Capital Projects Fund	
Capital projects	64,785
	$ 141,546

B. Grants

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, would be immaterial.

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was $5,935. The minimum remaining operating lease payments are as follows:

Year Ending June 30,	Amount
2022	$ 4,475
2023	405
	$ 4,880

E. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was $97,993 for the year ended June 30, 2021. The following is summary of future obligations under these purchase agreements:

Year Ending June 30,	Amount
2022	$ 74,918
2023	33,142
2024	13,240
2025	1,637
	$ 122,937

23. SUBSEQUENT EVENTS

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

A. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

In September 2021, the District was awarded CRSSA funding of $961,035 through the Elementary and Secondary School Emergency Relief (ESSER) program and $160,067 through the Governor's Emergency Education Relief (GEER) program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended.

B. Issuance of TANs

On September 30, 2021, the District issued tax anticipation notes in the amount of $4,900,000, which are due June 24, 2022, and bear interest at a stated interest rate of 1.0%. The District received premiums of $27,048 with the borrowing to yield an effective interest rate of 0.25%.

SUPPLEMENTARY INFORMATION

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 23,996,420	$ 21,424,613	$ 21,424,613	$ -
Other tax items	235,084	2,806,891	2,892,890	85,999
Charges for services	212,000	212,000	197,750	(14,250)
Use of money and property	47,000	47,000	48,490	1,490
Sale of property and compensation for loss			36,598	36,598
Miscellaneous	30,000	30,000	406,926	376,926
Total Local Sources	24,520,504	24,520,504	25,007,267	486,763
State Sources	8,147,082	8,147,082	8,143,557	(3,525)
Medicaid Reimbursement	2,000	2,000		(2,000)
Federal Sources			156,131	156,131
Total Revenues	32,669,586	32,669,586	33,306,955	$ 637,369
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	669,000	669,000		
Prior Year's Encumbrances	83,147	83,147		
Appropriated Reserves	840,070	1,027,303		
Total Appropriated Fund Balance	1,592,217	1,779,450		
Total Revenues and Appropriated Fund Balance	$ 34,261,803	$ 34,449,036		

Note to Required Supplementary Information

Budget Basis of Accounting

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 88,250	$ 81,731	$ 73,857	$	$ 7,874
Central administration	539,471	545,071	536,026		9,045
Finance	673,319	634,146	607,251	14,800	12,095
Staff	127,200	126,984	123,319		3,665
Central services	3,108,444	3,360,434	3,277,889	10,477	72,068
Special items	356,250	312,483	312,476		7
Total General Support	4,892,934	5,060,849	4,930,818	25,277	104,754
Instruction					
Administration & improvement	1,063,603	931,483	922,220		9,263
Teaching - regular school	10,181,900	11,391,893	11,228,710	616	162,567
Programs for students with disabilities	5,516,168	5,356,979	5,347,849		9,130
Teaching - special schools	-	30,004	26,435		3,569
Instructional media	549,125	549,221	538,492	144	10,585
Pupil services	1,063,343	1,072,942	1,030,472		42,470
Total Instruction	18,374,139	19,332,522	19,094,178	760	237,584
Pupil Transportation	552,279	482,548	476,278		6,270
Employee Benefits	9,005,801	8,185,268	8,012,963		172,305
Debt Service					
Principal	785,000	785,000	785,000		-
Interest	456,650	422,358	422,358		-
Total Debt Service	1,241,650	1,207,358	1,207,358		-
Total Expenditures	34,066,803	34,268,545	33,721,595	26,037	520,913
OTHER FINANCING USES					
Operating Transfers Out	195,000	180,491	180,491		-
Total Expenditures and Other Uses	$ 34,261,803	$ 34,449,036	33,902,086	$ 26,037	$ 520,913
Net Change in Fund Balance			(595,131)		
Fund Balance - Beginning of Year			5,858,150		
Fund Balance - End of Year			$ 5,263,019		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

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

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.084058%	0.083643%	0.085775%	0.084132%	0.086746%	0.087570%	0.087908%	0.086590%
District's proportionate share of the net pension asset/(liability)	$ (2,322,759)	$ 2,173,058	$ 1,551,031	$ 639,489	$ (929,083)	$ 9,095,733	$ 9,792,385	$ 569,985
District's covered payroll	$ 14,267,364	$ 13,961,420	$ 13,971,723	$ 13,306,817	$ 13,669,218	$ 13,540,447	$ 13,299,079	$ 13,076,288
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(16.28)%	15.56 %	11.10 %	4.81 %	6.80 %	67.17 %	73.63 %	4.36 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0098857%	0.0100994%	0.0103568%	0.0107373%	0.0100984%	0.0105252%	0.0107264%	0.0107264%
District's proportionate share of the net pension liability	$ (9,844)	$ (2,674,384)	$ (733,809)	$ (346,541)	$ (948,871)	$ (1,689,322)	$ (362,364)	$ (484,710)
District's covered payroll	$ 3,769,906	$ 3,809,678	$ 3,650,671	$ 3,544,269	$ 3,585,354	$ 3,468,990	$ 3,412,328	$ 3,399,625
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.26 %	70.20 %	20.10 %	9.78 %	26.47 %	48.70 %	10.62 %	14.26 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

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

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

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,431,642	$ 1,264,090	$ 1,482,062	$ 1,362,853	$ 1,559,559	$ 1,773,687	$ 2,305,932	$ 2,110,120	$ 1,501,742	$ 1,420,941
Contributions in relation to the contractually required contribution	1,431,642	1,264,090	1,482,062	1,362,853	1,559,559	1,773,687	2,305,932	2,110,120	1,501,742	1,420,941
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 15,006,714	$ 14,267,364	$ 13,961,420	$ 13,971,723	$ 13,306,817	$ 13,669,218	$ 13,540,447	$ 13,299,079	$ 13,076,288	$ 13,046,042
Contributions as a percentage of covered payroll	10%	9%	11%	10%	12%	13%	17%	16%	11%	11%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 522,908	$ 525,477	$ 507,172	$ 522,521	$ 480,601	$ 563,150	$ 624,587	$ 660,258	$ 692,390	$ 473,099
Contributions in relation to the contractually required contribution	522,908	525,477	507,172	522,521	480,601	563,150	624,587	660,258	692,390	473,099
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,813,441	$ 3,803,049	$ 3,682,740	$ 3,570,870	$ 3,486,613	$ 3,614,593	$ 3,473,662	$ 3,410,183	$ 3,325,573	$ 3,286,350
Contributions as a percentage of covered payroll	14%	14%	14%	15%	14%	16%	18%	19%	21%	14%

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

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 2,044,114	$ 1,769,724	$ 1,577,839	$ 1,390,855
Interest	1,018,031	1,263,686	897,215	839,883
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(7,967,811)	-	(1,897,407)	118,746
Changes of assumptions or other inputs	7,703,343	7,428,146	6,118,768	-
Benefit payments	(809,628)	(741,473)	(640,503)	(610,455)
Net change in total OPEB liability	1,988,049	9,720,083	6,055,912	1,739,029
Total OPEB liability, beginning	44,423,222	34,703,139	28,647,227	26,908,198
Total OPEB liability, ending	$ 46,411,271	$ 44,423,222	$ 34,703,139	$ 28,647,227
Covered employee payroll	$ 17,424,277	$ 17,392,279	$ 17,392,279	$ 17,000,446
Total OPEB liability as a percentage of covered employee payroll	266.36%	255.42%	199.53%	168.51%
Discount rate	2.16%	2.21%	3.50%	3.87%
Healthcare trend rates	5.30% to 4.10% over 55 years	6.10% to 4.10% over 57 years	6.10% to 4.10% over 57 years	7.00% to 4.00% over 7 years

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

Note to Required Supplementary Information

Trust Assets

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 34,178,656
Additions:	
Prior year's encumbrances	83,147
Original Budget	34,261,803
Budget revision	187,233
Final Budget	$ 34,449,036

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		$ 34,665,460
Maximum allowed (4% of 2021-2022 budget)		$ 1,386,618
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 369,204	
Unassigned fund balance	1,386,618	
		$ 1,755,822
Less:		
Appropriated fund balance	343,167	
Encumbrances	26,037	
Total adjustments		369,204
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		$ 1,386,618
Actual Percentage		4.00%

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2021

PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2021
HDF HVAC	$ 2,956,640	$ 2,946,912	$ 2,946,912	$	$ 2,946,912	$ -	$ 2,946,912	$	$	$ 2,946,912	$ -
HDF windows & doors	1,409,599	1,392,809	1,392,809		1,392,809	-	1,392,809			1,392,809	-
OMR HVAC	3,178,973	3,176,887	3,176,887		3,176,887	-	3,176,887			3,176,887	-
OMR windows & doors	1,352,744	1,349,893	1,349,893		1,349,893	-	1,349,893			1,349,893	-
Camp HVAC, windows & doors	5,752,044	5,732,775	5,732,775		5,732,775	-	5,732,775			5,732,775	-
Districtwide Renovations		50,724			-	50,724	50,724			50,724	50,724
OMR gym hallway doors	19,115	19,115	19,115		19,115	-			19,115	19,115	-
Camp gym hallway doors	21,885	21,883	18,842		18,842	3,041			21,883	21,883	3,041
HDF gym hall & admin. doors	34,000	34,000	18,692		18,692	15,308			34,000	34,000	15,308
HDF HVAC		145,000			-	145,000			145,000	145,000	145,000
Smart Bond School Connectivity		661,037		628,460	628,460	32,577		661,037		661,037	32,577
HDF site work	73,000	73,000	11,110	60,708	71,818	1,182			73,000	73,000	1,182
OMR asbestos & boiler floor	59,000	59,000	40,542	15,007	55,549	3,451			59,000	59,000	3,451
Camp asbestos & floor	93,000	93,000	7,494	19,496	26,990	66,010			93,000	93,000	66,010
Totals	$ 14,950,000	$ 15,756,035	$ 14,715,071	$ 723,671	$ 15,438,742	$ 317,293	$ 14,650,000	$ 661,037	$ 444,998	$ 15,756,035	317,293
									Grant revenue not yet recognized		(661,037)
											$ (343,744)

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	$ 20,122,842
Deductions:	
Short-term portion of bonds payable	810,000
Long-term portion of bonds payable	11,560,000
Less: Unspent bond proceeds	(50,724)
	12,319,276
Net Investment in Capital Assets	$ 7,803,566

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

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

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

To the Board of Education
North Merrick Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the North Merrick Union Free School District,(the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 12, 2021