

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

MANHASSET UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Manhasset Union Free School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 15 and 59 through 63, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 30, 2023

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the Manhasset Union Free School District's (the "District"), financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net deficit as reflected in the District-Wide Financial Statements, increased by 9,170,711, or 9.55%. This was primarily due to the impact of allocations of actuarially determined expenses for pensions and other post-employment benefits, which resulted in the District reporting net pension liabilities for both pension systems in 2023 as opposed to net pension assets in 2022. The majority of the related pension and other post-employment benefit expenses were allocated to general support and instruction.
- As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$10,375,205, which is a net decrease of \$2,132,194 from the prior year, based upon the modified accrual basis of accounting.
- The District's expenses for the fiscal year, as reflected in the District-Wide Financial Statements, totaled \$117,749,700. Of this amount, \$3,152,140 was offset by charges for services and \$2,047,887 by operating grants and contributions. General revenues of \$103,378,962 amount to 95.21% of total revenues.
- New York State Law limits the amount of assigned and unassigned fund balance, excluding encumbrances and amounts designated for the subsequent year's budget, which can be retained by the general fund up to 4.00% of the ensuing year's budget. At the end of the current fiscal year, the District was within the statutory limit.
- The Board of Education adopted a budget for 2023-2024 of \$107,733,004, which reflected a budget increase of 3.00% and a tax levy increase of 2.97%. The budget was presented to the voters on May 16, 2023, and passed with voter approval.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.

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MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for resources that belong to others. The District reports on the custodial fund which accounts for real property taxes collected on behalf of other governments and disbursed to other governments.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The table below shows how the various parts of this annual report are arranged and related to one another.

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

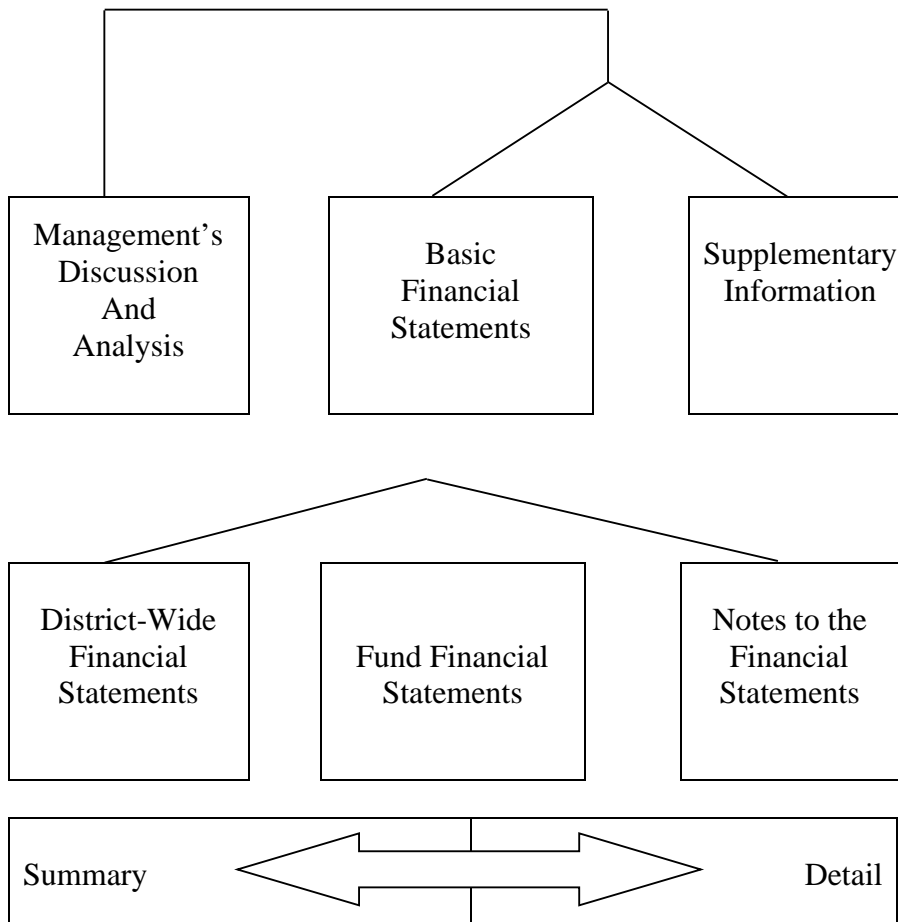


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and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

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

A. District-Wide Statements

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

B. Fund Financial Statements

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

The District has two kinds of funds:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Statements, additional information in a separate schedule explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

- *Fiduciary fund:* The District is the custodian or *fiduciary* for assets that belong to others. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments and utilizes the economic reserve measurement focus and the accrual basis of accounting. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's net deficit increased \$9,170,711 in the fiscal year ended June 30, 2023, as detailed in the Table that follows.

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

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Current assets	\$ 21,380,232	\$ 21,013,931	\$ 366,301	1.74%
Capital assets, net	76,696,386	75,903,294	793,092	1.04%
Net pension assets, proportionate share	-	46,629,633	(46,629,633)	(100%)
Total assets	98,076,618	143,546,858	(45,470,240)	(31.68%)
Deferred outflows of resources	62,707,208	74,051,946	(11,344,738)	(15.32%)
Total assets and deferred outflows of resources	160,783,826	217,598,804	(56,814,978)	(26.11%)
Current liabilities	11,112,290	8,653,292	2,458,998	28.42%
Long-term liabilities	207,845,761	197,846,587	9,999,174	5.05%
Total Liabilities	218,958,051	206,499,879	12,458,172	6.03%
Deferred inflows of resources	46,988,548	107,090,987	(60,102,439)	(56.12%)
Total liabilities and deferred inflows of resources	265,946,599	313,590,866	(47,644,267)	(15.19%)
Net Position				
Net investment in capital assets	56,026,042	52,156,068	3,869,974	7.42%
Restricted	3,260,821	5,595,273	(2,334,452)	(41.72%)
Unrestricted (deficit)	(164,449,636)	(153,743,403)	(10,706,233)	6.96%
Total Net Position (Deficit)	\$ (105,162,773)	\$ (95,992,062)	\$ (9,170,711)	9.55%

Current assets increased \$366,301 as compared to the prior year. The increase is primarily related to an increase in state and federal aid and due from other governments, partially offset by a decrease in accounts receivable.

Capital assets, net increased \$793,092 as compared to the prior year. This increase is primarily due to the current year's capital asset additions offset by the current year depreciation.

The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 13 and the amortization of deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 15.

Current liabilities increased \$2,458,998 as compared to the prior year, primarily related to an increase in accounts payable, accrued liabilities, and due to teachers' retirement system.

Long-term liabilities increased \$9,999,174. This was primarily as a result of an increase in the total other postemployment benefits obligation, net pension liability- proportionate share-teachers' retirement system,

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

and net pension liability- proportionate share-employees' retirement system, partially offset by a decrease in bonds payable and energy performance contract debt.

The change in deferred inflows of resources represents amortization of pension related items, as discussed in Note 13, and the amortization of deferred inflows related to the total other post-employment benefits obligation, as discussed in Note 15.

Net investment in capital assets of \$56,026,042 is the investment in capital assets at cost, such as land, construction in progress, buildings and improvements, site improvements, and furniture and equipment, net of depreciation and related debt. The increase in net investments in capital assets over from the prior year of \$3,869,974 is due to: capital project expenditures and furniture and equipment acquisitions, net of current year's depreciation and net disposals, resulting in a net increase in capital assets of \$793,092, the impact of principal payments on serial bonds and obligations under the District's energy performance contract debt, and a net decrease of certain deferred amounts and deferred premiums related to the 2019 library bond refunding.

Restricted net position of \$3,260,821 relates to the balances in the District's general fund repair and capital reserves, and the amounts restricted for debt service and scholarships and donations. The decrease in restricted net position of \$2,334,452 is primarily due to a decrease in the capital reserve-2018, and the repair reserve.

The unrestricted deficit in the amount of \$164,449,636 increased over the prior year by \$10,706,233 primarily due to an excess of expenses over revenues, as well as the impact of GASB Statement No. 68 and GASB Statement No. 75.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2022, and 2023 is as follows:

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	Fiscal Year 2023	*As Reclassified Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 3,152,140	\$ 2,147,352	\$ 1,004,788	46.79%
Operating grants and contributions	2,047,887	2,722,225	(674,338)	(24.77%)
General Revenues				
Real property taxes and other tax items	96,142,456	93,723,795	2,418,661	2.58%
State sources	5,623,491	5,415,666	207,825	3.84%
Use of money & property	215,377	92,022	123,355	134.05%
Other	1,397,638	1,450,481	(52,843)	(3.64%)
Total Revenues	<u>108,578,989</u>	<u>105,551,541</u>	<u>3,027,448</u>	<u>2.87%</u>
Expenses				
General support	15,284,088	13,907,035	1,377,053	9.90%
Instruction	94,333,655	84,916,769	9,416,886	11.09%
Pupil transportation	5,986,835	5,468,173	518,662	9.49%
Debt service - interest	591,169	610,592	(19,423)	(3.18%)
Food service program	1,553,953	1,381,005	172,948	12.52%
Total Expenses	<u>117,749,700</u>	<u>106,283,574</u>	<u>11,466,126</u>	<u>10.79%</u>
Increase (Decrease) in Net Position	<u>\$ (9,170,711)</u>	<u>\$ (732,033)</u>	<u>\$ (8,438,678)</u>	<u>1152.77%</u>

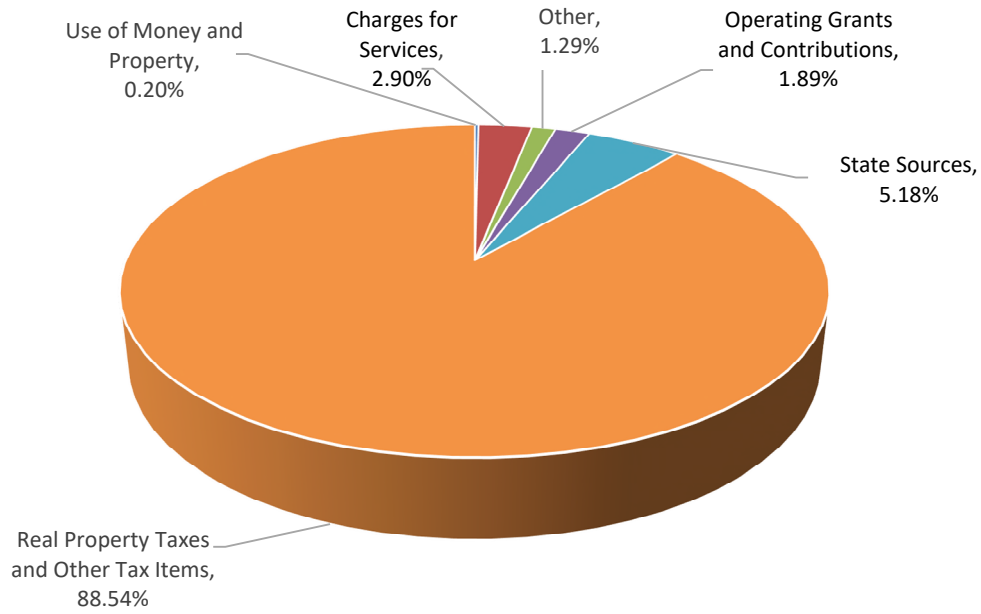
*Reclassifications have been made to prior year expenses to allocate depreciation in order to conform to the 2023 financial statement classification.

Revenues for the District's governmental activities totaled \$108,578,989 while total expenses equaled \$117,749,700 resulting in a decrease in net position of \$9,170,711. The change in net position represents the District's operating profit or loss on the accrual basis of accounting. Revenues increased 2.87%, while expenses increased 10.79%. The increase in revenues is primarily attributable to real property taxes and other tax items, as well as charges for services.

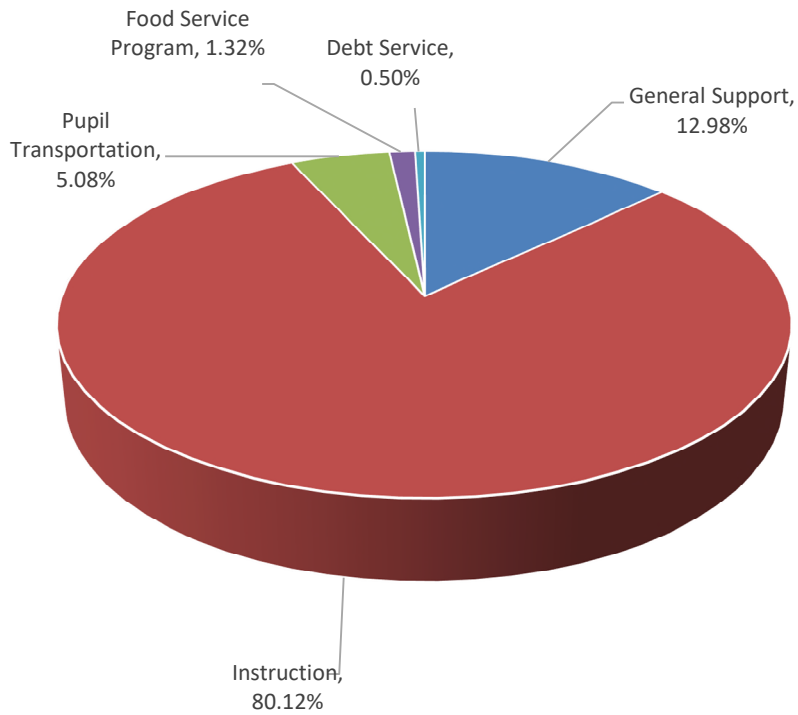
The cost of all programs and services totaled \$117,749,700 for fiscal year 2023. These expenses are predominantly related to instruction, which accounts for 80.11% of District expenses. The District's general support activities accounted for 12.98% of total expenses. Total expenses increased by \$11,466,126, or 10.79%. This is primarily due to the impact of allocations of actuarially determined expenses for pensions and other post-employment benefits.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



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- The users of the District's programs financed \$3,152,140 of the costs (Statement of Activities, Charges for Services column-see Exhibit 3).
- The federal and state governments subsidized certain programs with operating grants and contributions of \$2,047,887 (Statement of Activities, Operating Grants and Contributions column – see Exhibit 3).
- Most of the District's net costs of \$112,549,673 were financed by District taxpayers and state and federal aid (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3).

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$10,375,205 which is a decrease of \$2,132,194 from the prior year.

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

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted:				
Repair	\$ 311,324	\$ 404,754	\$ (93,430)	(23.08%)
Capital	2,503,659	1,620,709	882,950	54.48%
Assigned:				
General support	414,358	470,449	(56,091)	(11.92%)
Instruction	174,543	116,917	57,626	49.29%
Employee benefits	10,265	2,834	7,431	262.21%
Designated for subsequent year's expenditures	724,067	724,067	-	0.00%
Unassigned	4,309,820	4,183,878	125,942	3.01%
Total Fund Balance - General Fund	8,448,036	7,523,608	924,428	12.29%
School Lunch Fund				
Assigned - unappropriated	836,068	623,503	212,565	34.09%
Debt Service Fund				
Restricted	185,203	183,739	1,464	0.80%
Miscellaneous Special Revenue				
Restricted	260,635	243,269	17,366	7.14%
Assigned - unappropriated	395,952	357,401	38,551	10.79%
Total Fund Balance- Miscellaneous Special Revenue	656,587	600,670	55,917	9.31%
Capital Projects Fund				
Restricted	-	2,959,063	(2,959,063)	(100.00%)
Restricted for unspent bond proceeds	57,024	57,024	-	0.00%
Assigned - unappropriated	192,287	559,792	(367,505)	(65.65%)
Total Fund Balance- Capital Projects Fund	249,311	3,575,879	(3,326,568)	(93.03%)
Total Fund Balances - All Funds	\$ 10,375,205	\$ 12,507,399	\$ (2,132,194)	(17.05%)

A. General Fund

The net increase in fund balance in the general fund of \$924,428 can be attributable to total revenues of \$104,725,178 exceeding expenditures and other financing uses of \$103,800,750.

B. School Lunch Fund

The net change in the school lunch fund balance is a net increase of \$212,565 and is due to state and federal reimbursements, and sales of meals exceeding the cost of distributing meals to all students in the District.

C. Debt Service Fund

The debt service fund restricted fund balance had a net increase of \$1,464, which is primarily due to interest earnings.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

D. Miscellaneous Special Revenue Fund

The miscellaneous special revenue fund balance had a net increase of \$55,917, due to extraclassroom revenues exceeding expenditures, partially offset by scholarships awarded exceeding scholarship donations.

E. Capital Projects Fund

The fund balance in the capital projects fund decreased \$3,326,568, as a result of current year capital outlays.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's general fund adopted budget for the year ended June 30, 2023, was \$104,596,962. This amount was increased by encumbrances carried over from the prior year in the amount of \$590,200, and budget revisions of \$302,590, which resulted in a final budget of \$105,489,752. The budget was funded through a combination of revenues and assigned/designated fund balance. The majority of this funding source was \$95,925,413 in budgeted real property taxes and other tax items.

B. Change in the General Fund Unassigned Fund Balance

The general fund unassigned fund balance is the component of total fund balance that is the cumulative residual of prior years' excess revenues over expenditures, net of transfers to restricted fund balances and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The components of the change in this balance in 2022-2023 follow:

Opening unassigned fund balance	\$ 4,183,878
Prior year encumbrances adjustment	(25)
Revenues over budget	774,024
Expenditures, other financing uses, and encumbrances under budget	1,089,836
Funding of reserves	(980,973)
Interest allocated to reserves	(32,853)
Appropriated for next year's budget	(724,067)
Closing unassigned fund balance	<u>\$ 4,309,820</u>

The opening unassigned fund balance of \$4,183,878 is the June 30, 2022, unassigned fund balance.

The revenues over budget of \$774,024 were primarily in other tax items, use of money and property, state aid, and federal grants. Please see Supplemental Schedule #1 for further detail.

The expenditures, other financing sources, and encumbrances under budget of \$1,089,836 represents savings across the budget but were primarily attributable to general support and instruction.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District funded the repair reserve in the amount of \$125,000, and the capital reserve-2018 in the amount of 855,973.

Interest of \$32,853 was allocated to the reserves as follows: \$5,875 to the repair reserve, and \$26,978 to the capital reserves (2010 and 2018).

The appropriated fund balance of \$724,067 for the June 30, 2024, budget is the amount the District has chosen to use to fund its operating budget for 2023-2024.

The District will close the 2022-2023 fiscal year with \$4,309,820 in unassigned fund balance. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within this legal limit.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2023, the District had invested in a broad range of capital assets, including land, buildings and improvements, and furniture and equipment for school purposes and Manhasset Library purposes. A summary of the District's capital assets, net of depreciation at June 30, 2023 and 2022 is as follows:

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

Category	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Percentage Change
Land and Land Improvements	\$ 1,421,877	\$ 1,421,877	\$ -	0.00%
Construction in Progress	6,712,048	3,385,480	3,326,568	98.26%
Buildings and Building Improvements	112,420,971	112,420,971	-	0.00%
Furniture and Equipment	15,229,278	14,519,260	710,018	4.89%
Site Improvements	237,022	237,022	-	0.00%
Subtotal	136,021,196	131,984,610	4,036,586	3.06%
Less: Accumulated Depreciation	59,324,810	56,081,316	3,243,494	5.78%
Total Net Capital Assets	\$ 76,696,386	\$ 75,903,294	\$ 793,092	1.04%

During the fiscal year ended June 30, 2023, a total of \$3,326,568 of costs in the capital projects fund were recorded as construction in progress, \$762,286 of costs were incurred for building, building improvements and purchase of capitalized furniture and equipment in the general fund and the school lunch fund, and fully depreciated assets of \$52,268 were disposed.

Depreciation expense was \$3,295,762 for fiscal year ended June 30, 2023.

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B. Debt Administration

At June 30, 2023, the District had total bonds payable of \$19,490,000. The bonds were issued for school building improvements and construction of a library. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Table A-9 Outstanding Bonds

Issue Date	Interest Rate	2023	2022	Increase (Decrease)
2016	5.00%	\$ -	\$ 1,160,000	\$ (1,160,000)
2016	2.00% - 3.00%	5,090,000	5,425,000	(335,000)
2016	3.00% - 3.50%	4,560,000	4,825,000	(265,000)
2017	2.00% - 3.00%	4,090,000	4,335,000	(245,000)
2019	1.75% - 5.00%	395,000	445,000	(50,000)
2019	4.00% - 5.00%	5,355,000	6,105,000	(750,000)
	Total Bonds	<u>\$ 19,490,000</u>	<u>\$ 22,295,000</u>	<u>\$ (2,805,000)</u>

Principal payments were made in 2022-23 of \$2,805,000 for outstanding bonds.

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

Unissued Debt

On December 8, 2022, voters approved a bond authorization for a total estimated cost not to exceed \$43,926,484. to finance various District upgrades to security systems, infrastructure, and facilities. As of June 30, 2023, the District had authorized but unissued debt of \$43,926,484.

Table A-10 Obligations under Energy Performance Debt

Issue Date	Interest Rate	2023	2022	(Decrease)
2012	1.977%	<u>\$279,378</u>	<u>\$539,234</u>	<u>(\$259,856)</u>

Principal payments were made in 2022-23 of \$259,856 for the energy performance debt.

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

**MANHASSET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- A) The 2023-24 general fund budget, the only fund with a legally adopted budget, approved by the voters on May 16, 2023, is \$107,733,004. This is an increase of \$3,136,042 or 3.00% from the previous year's budget.
- B) The 2023-24 budget is negatively impacted by certain trends impacting school districts. The property tax levy limit, enacted by the NYS Legislative beginning in the 2012-2013 fiscal year, continues to negatively impact school districts, especially given fluctuations in state aid. Although increases in required contributions to pension plans have slowed, health insurance costs have continued to trend upwards at rates that exceed annual Consumer Price Index ("CPI") levels.
- C) On August 31, 2023, the District issued a tax anticipation note in the amount of \$7,000,000, and bears an interest rate of 5.00%, and a premium on issuance of \$77,910 for an effective net interest rate of 3.62%.
- D) On August 31, 2023, the District issued a bond anticipation note in the amount of \$11,000,000, and bears an interest rate of 5.00%, and a premium on issuance of \$152,680, for an effective interest rate of 3.61%.

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:

Dr. Sam Gergis
Assistant Superintendent for Business and Operations
Manhasset Union Free School District
200 Memorial Place
Manhasset, NY 11030

MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents

Unrestricted	\$	12,866,359
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Restricted		3,317,845
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Receivables

Taxes receivable		1,690,157
------------------	--	-----------

State and federal aid		1,932,106
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Due from other governments		1,486,002
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Accounts receivable		87,763
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Non-current assets

Capital Assets

Not being depreciated		8,133,925
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Being depreciated, net of accumulated depreciation		68,562,461
--	--	------------

TOTAL ASSETS

		98,076,618
--	--	------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on library and district debt refunding		57,034
---	--	--------

Pensions		29,843,896
----------	--	------------

Other postemployment benefits		32,806,278
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TOTAL DEFERRED OUTFLOWS OF RESOURCES

		62,707,208
--	--	------------

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

		160,783,826
--	--	-------------

LIABILITIES

Payables

Accounts payable		4,093,930
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Accrued liabilities		632,485
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Accrued interest payable		107,263
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Due to other governments		236,183
--------------------------	--	---------

Due to teachers' retirement system		5,237,627
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Due to employees' retirement system		417,684
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Compensated absences payable		126,614
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Unearned credits

Collections in advance		260,504
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Long-term liabilities

Due and payable within one year

Bonds payable (inclusive of unamortized premiums)		1,844,020
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Energy performance contract debt		279,378
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Due to employees' retirement system		86,517
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Workers' compensation claims payable		7,168
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Due and payable after one year

Bonds payable (inclusive of unamortized premiums)		18,473,529
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Due to employees' retirement system		367,747
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Workers' compensation claims payable		216,784
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Net pension liability - proportionate share- employees' retirement system		4,637,550
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Net pension liability - proportionate share- teachers' retirement system		4,801,433
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Total other postemployment benefits obligation		177,131,635
--	--	-------------

TOTAL LIABILITIES

		218,958,051
--	--	-------------

DEFERRED INFLOWS OF RESOURCES

Pensions		2,488,575
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Other postemployment benefits		44,499,973
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TOTAL DEFERRED INFLOWS OF RESOURCES

		46,988,548
--	--	------------

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

		265,946,599
--	--	-------------

NET POSITION

Net investment in capital assets

		56,026,042
--	--	------------

Restricted

Repairs		311,324
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Capital		2,503,659
---------	--	-----------

Debt service		185,203
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Scholarships and donations		260,635
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		3,260,821
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Unrestricted (deficit)

		(164,449,636)
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TOTAL NET POSITION (DEFICIT)

		\$ (105,162,773)
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MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2023

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating Grants	Revenue and
		Services	and Contributions	Changes in
FUNCTIONS / PROGRAMS				Net Position
General support	\$ (15,284,088)			\$ (15,284,088)
Instruction	(94,333,655)	\$ 1,755,391	\$ 1,813,360	(90,764,904)
Pupil transportation	(5,986,835)			(5,986,835)
Debt service - Interest	(591,169)			(591,169)
Food service program	(1,553,953)	1,396,749	234,527	77,323
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (117,749,700)</u>	<u>\$ 3,152,140</u>	<u>\$ 2,047,887</u>	<u>\$ (112,549,673)</u>
GENERAL REVENUES				
Real property taxes				93,448,492
Other tax items				2,693,964
Use of money and property				215,377
Sale of property and compensation for loss				43,974
Miscellaneous				303,294
Library debt service reimbursement				1,026,500
State sources				5,623,491
Medicaid reimbursement				23,870
TOTAL GENERAL REVENUES				<u>103,378,962</u>
CHANGE IN NET POSITION				(9,170,711)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(95,992,062)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (105,162,773)</u>

MANHASSET UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 11,142,756		\$ 1,012,442		\$ 395,952	\$ 315,209	\$ 12,866,359
Restricted	2,814,983			\$ 185,128	260,635	57,099	3,317,845
Receivables							
Accounts receivable	87,763						87,763
Taxes receivable	1,690,157						1,690,157
State and federal aid	821,944	\$ 1,010,162				100,000	1,932,106
Due from other governments	1,486,002						1,486,002
Due from other funds	799,250		36,739	75			836,064
TOTAL ASSETS	<u>\$ 18,842,855</u>	<u>\$ 1,010,162</u>	<u>\$ 1,049,181</u>	<u>\$ 185,203</u>	<u>\$ 656,587</u>	<u>\$ 472,308</u>	<u>\$ 22,216,296</u>
LIABILITIES							
Payables							
Accounts payable	\$ 3,708,939	\$ 165,148	\$ 32,368			\$ 187,475	\$ 4,093,930
Accrued liabilities	631,033	1,170	282				632,485
Due to other governments	236,183						236,183
Due to other funds	36,739	763,803				35,522	836,064
Due to teachers' retirement system	5,237,627						5,237,627
Due to employees' retirement system	417,684						417,684
Compensated absences	126,614						126,614
Collections in advance		80,041	180,463				260,504
TOTAL LIABILITIES	<u>10,394,819</u>	<u>1,010,162</u>	<u>213,113</u>	<u>-</u>	<u>-</u>	<u>222,997</u>	<u>11,841,091</u>
FUND BALANCES							
Nonspendable							
Restricted							
Repairs	311,324						311,324
Capital	2,503,659						2,503,659
Debt service				\$ 185,203			185,203
Scholarships and donations					\$ 260,635		260,635
Unspent bond proceeds						57,024	57,024
Assigned							
Appropriated fund balance	724,067						724,067
Unappropriated fund balance	599,166		836,068		395,952	192,287	2,023,473
Unassigned	4,309,820						4,309,820
TOTAL FUND BALANCES	<u>8,448,036</u>	<u>-</u>	<u>836,068</u>	<u>185,203</u>	<u>656,587</u>	<u>249,311</u>	<u>10,375,205</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,842,855</u>	<u>\$ 1,010,162</u>	<u>\$ 1,049,181</u>	<u>\$ 185,203</u>	<u>\$ 656,587</u>	<u>\$ 472,308</u>	<u>\$ 22,216,296</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
JUNE 30, 2023**

Total Governmental Fund Balances \$ 10,375,205

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

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

Original cost of capital assets	\$ 136,021,196	
Accumulated depreciation	<u>(59,324,810)</u>	76,696,386

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

Deferred outflows related to pensions	\$ 29,843,896	
Deferred outflows related to total other postemployment benefits	<u>32,806,278</u>	62,650,174

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

57,034

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

Deferred inflows related to pensions	\$ (2,488,575)	
Deferred inflows related to total other postemployment benefits	<u>(44,499,973)</u>	(46,988,548)

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

(107,263)

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

Bonds payable (inclusive of unamortized premium)	\$ (20,317,549)	
Energy performance contract debt	(279,378)	
Due to employees' retirement system	(454,264)	
Workers' compensation claims payable	(223,952)	
Net pension liability - proportionate share- employees' retirement system	(4,637,550)	
Net pension liability - proportionate share- teachers' retirement system	(4,801,433)	
Total other postemployment benefits obligation	<u>(177,131,635)</u>	(207,845,761)

Total Net Position		<u><u>\$ (105,162,773)</u></u>
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MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
REVENUES							
Real property taxes	\$ 93,448,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,448,492
Other tax items	2,693,964						2,693,964
Charges for services	1,187,411				567,980		1,755,391
Use of money and property	206,079		7,834	1,464			215,377
Sale of property and compensation for loss	43,974						43,974
Miscellaneous	265,614	34,874			2,806		303,294
Library debt service reimbursement	1,026,500						1,026,500
State sources	5,623,491	528,607	7,385				6,159,483
Medicaid reimbursements	23,870						23,870
Federal grants	205,783	1,078,970	227,142				1,511,895
Sales			1,396,749				1,396,749
TOTAL REVENUES	104,725,178	1,642,451	1,639,110	1,464	570,786	-	108,578,989
EXPENDITURES							
General support	11,165,252						11,165,252
Instruction	57,639,819	1,683,939			514,869		59,838,627
Pupil transportation	5,524,972	146,590					5,671,562
Employee benefits	25,310,434						25,310,434
Debt service - principal				3,064,856			3,064,856
Debt service - interest	71,700			758,467			830,167
Cost of sales			1,503,717				1,503,717
Capital outlay						3,326,568	3,326,568
TOTAL EXPENDITURES	99,712,177	1,830,529	1,503,717	3,823,323	514,869	3,326,568	110,711,183
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,013,001	(188,078)	135,393	(3,821,859)	55,917	(3,326,568)	(2,132,194)
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		188,078	77,172	3,823,323			4,088,573
Operating transfers (out)	(4,088,573)						(4,088,573)
TOTAL OTHER FINANCING SOURCES AND (USES)	(4,088,573)	188,078	77,172	3,823,323	-	-	-
NET CHANGE IN FUND BALANCES	924,428	-	212,565	1,464	55,917	(3,326,568)	(2,132,194)
FUND BALANCES - BEGINNING OF YEAR	7,523,608	-	623,503	183,739	600,670	3,575,879	12,507,399
FUND BALANCES - END OF YEAR	\$ 8,448,036	\$ -	\$ 836,068	\$ 185,203	\$ 656,587	\$ 249,311	\$ 10,375,205

**MANHASSET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances (\$2,132,194)

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

Long-Term Revenue and Expense Differences

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable changed by: (211,947)

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

Teachers' retirement system	\$	(1,605,435)	
Employees' retirement system		(1,108,815)	
Other postemployment benefits		(8,292,988)	(11,007,238)

Capital Related Differences

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

Capital outlays	\$	4,088,854	
Depreciation expense		(3,295,762)	793,092

Long-Term Debt Transaction Differences

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

Employees' Retirement System Contribution Stabilization Program	83,722
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	2,805,000
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Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	259,856
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Governmental funds may report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization for the fiscal year ended June 30, 2023 was:	199,501
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Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due requiring the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2022 to June 30, 2023 changed by:	39,497
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Change in Net Position	\$ (9,170,711)
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MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Fund
	<hr/>
ASSETS	
Due from other governments	\$ 1,026,500
TOTAL ASSETS	<hr/> <hr/>
LIABILITIES	
Due to other governments	\$ 1,026,500
TOTAL LIABILITIES	<hr/> <hr/>
NET POSITION	
Restricted	
TOTAL NET POSITION	<hr/> <hr/>

MANHASSET UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Custodial Fund</u>
ADDITIONS	
Collections of real property taxes for the Library	\$ 5,616,328
TOTAL ADDITIONS	<u>5,616,328</u>
DEDUCTIONS	
Payments of real property taxes to the Library	\$ 5,616,328
TOTAL DEDUCTIONS	<u>5,616,328</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting Entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

B) Joint Venture:

The District is one of 56 component school districts in the Nassau Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

C) Basis of Presentation:

i) District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

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The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

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

The District reports the following fiduciary funds:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund, which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature.

D) Measurement Focus and Basis of Accounting:

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

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The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 bonds payable and energy performance contract payable, workers' compensation claims, compensated absences, net pension costs, other post-employment benefits, and claims and judgments, if applicable, 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 with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar:

Real property taxes for the District are levied annually by Nassau County at the request of the Board of Education and are collected by the Town of North Hempstead tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. Taxes are collected during the period 2022-2023.

Enforcement:

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

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. The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-2016 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 2.00% 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

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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 \$1,680,915 in LIPA PILOT revenue during the 2022-2023 fiscal year.

G) Restricted Resources:

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

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

In the District-Wide Financial Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

I) 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, and deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of useful lives of capital assets, workers' compensation claims payable, net pension asset/liability, total other post-employment benefits obligation, and potential contingent liabilities.

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J) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits. Certain cash balances are restricted by various legal and contractual obligations, such as reserves established pursuant to state law and debt agreements.

K) Receivables:

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

L) Inventory:

Inventory of food in the school lunch 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 stated value, which approximates market value. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

Purchases of inventoriable items in other funds are recorded as expenses/expenditures at the time of purchase and are considered immaterial in amount. The District did not have inventory in the school lunch fund as of June 30, 2023.

M) Capital Assets:

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

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

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

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

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N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category. First is the unamortized amount of deferred amounts from the refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the life of the debt, detailed further in Note 10. The other amounts are related to pensions and total other post-employment benefits obligation reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category. The amounts are related to pensions and total other post-employment benefits obligation reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15, respectively.

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) Employee Benefits- Compensated Absences:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained

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

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis. The 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.

Q) Other Benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

R) Long-Term Debt:

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

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

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

S) Equity Classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

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

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Financial Statements:

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

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2023, the District did not have any items of nonspendable fund balance.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

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Repair Reserve

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

Capital Reserve

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

Restricted for Debt Service

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

Restricted for Scholarships and Donations

Amounts restricted for scholarships and donations are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the miscellaneous special revenue fund.

Unspent Bond Proceeds

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

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2023.

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

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation.

Fund Balance Classification

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

Order of Use of Fund Balance

If an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), the Board of Education will assess the financial condition of the District to determine the order of application of expenditures to which fund balance will be charged.

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

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

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

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

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

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

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 modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal budgets are adopted.

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

Appropriations are adopted at the program line-item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. 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 are increased by the planned use of specific reserves, and amendments approved the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on

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Supplemental Schedule #5 - Schedule of Change from Adopted Budget to Final Budget – General Fund, where applicable.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

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

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

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

B) Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as June 30, 2023, included \$3,317,845 within the governmental funds for general fund reserves, debt service, capital project purposes, and scholarships and donations.

C) Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2023, the District was billed \$3,593,884 for BOCES administrative and program costs. The District's share of BOCES aid totaled \$738,967. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road Garden City, NY 11530-9195.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2023 consisted of the following:

General Fund	
Excess cost aid	\$ 340,515
ICF and CRP aid	308,936
Federal grants	172,493
Total - General Fund	<u>821,944</u>
Special Aid Fund	
State grants	127,356
Federal grants	882,806
Total - Special Aid Fund	<u>1,010,162</u>
Capital Projects Fund	
State municipal grant	100,000
Total - All Funds	<u>\$ 1,932,106</u>

District management has deemed these amounts to be fully collectible.

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NOTE 7 –DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2023 consisted of the following:

Other districts- charges for services	\$ 1,033,273
BOCES- share of state aid	290,874
Nassau County- COVID Funding	161,855
Total Due from Other Governments	<u>\$ 1,486,002</u>

District management has deemed these amounts to be fully collectible.

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NOTE 8 - CAPITAL ASSETS:**A) Capital Assets**

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,421,877			\$ 1,421,877
Construction in progress	3,385,480	\$ 3,326,568		6,712,048
Total capital assets not being depreciated	4,807,357	3,326,568	-	8,133,925
Capital assets being depreciated:				
Building and building improvements	112,420,971			112,420,971
Furniture and equipment	14,519,260	762,286	\$ (52,268)	15,229,278
Site improvements	237,022			237,022
Total capital assets being depreciated	127,177,253	762,286	(52,268)	127,887,271
Less accumulated depreciation:				
Building and building improvements	44,653,762	2,657,085		47,310,847
Furniture and equipment	11,190,532	638,677	(52,268)	11,776,941
Site improvements	237,022			237,022
Total accumulated depreciation	56,081,316	3,295,762	(52,268)	59,324,810
Total capital assets being depreciated, net	71,095,937	(2,533,476)	-	68,562,461
Capital assets, net	<u>\$75,903,294</u>	<u>\$ 793,092</u>	<u>\$ -</u>	<u>\$76,696,386</u>
Depreciation expense was charged to the governmental functions as follows:				
General support	\$ 485,246			
Instruction	2,505,047			
Pupil transportation	240,117			
Food service program	65,352			
Total depreciation expense	<u>\$ 3,295,762</u>			

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

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

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District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Interfund balances at June 30, 2023 and interfund activity for the fiscal year ended June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 799,250	\$ 36,739		\$ 4,088,573
Special aid fund		763,803	\$ 188,078	
School lunch fund	36,739		77,172	
Debt service fund	75		3,823,323	
Capital projects fund		35,522		
Totals	<u>\$ 836,064</u>	<u>\$ 836,064</u>	<u>\$ 4,088,573</u>	<u>\$ 4,088,573</u>

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

NOTE 10 – DEFERRED OUTFLOWS OF RESOURCES

As of June 30, 2023, the deferred amounts pertaining to the 2019 library bond refunding as recorded in the District-Wide Financial Statements as a deferred outflows of resources – library refunding was:

Deferred amounts- 2019 library refunding, net	<u>\$ 57,034</u>
Total deferred amounts on library and district refunding, net	<u>\$ 57,034</u>

The deferred amounts on the 2019 library debt refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the refunded bonds, at the point of refunding. Amortization of deferred amounts are included as a component of interest expense in the District-Wide Financial Statements. Deferred outflows and inflows are derived from the District's refunding in prior years of outstanding debt, wherein the net benefit of \$674,283 on a present value basis derived by the District is to be realized over the life of the respective debt.

NOTE 11 – SHORT-TERM DEBT

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	12/29/2022	3.50%	\$ -	\$ 9,000,000	\$ 9,000,000	\$ -
Total			<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>

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The TAN was issued for interim financing of general fund operations. Interest on short-term debt for the year amounted to \$71,700.

NOTE 12 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Bonds payable:					
School construction serial bonds	\$ 16,190,000	\$	\$ (2,055,000)	\$ 14,135,000	\$ 905,000
Library construction serial bonds	6,105,000		(750,000)	5,355,000	785,000
Subtotal bonds payable	22,295,000		(2,805,000)	19,490,000	1,690,000
Plus: premium on obligations	1,068,366		(240,817)	827,549	154,020
Total bonds payable	23,363,366		(3,045,817)	20,317,549	1,844,020
Other liabilities:					
Energy performance contract debt	539,234		(259,856)	279,378	279,378
Due to ERS-stabilization contribution option	537,986		(83,722)	454,264	86,517
Workers' compensation claims payable	12,005	275,868	(63,921)	223,952	7,168
Net pension-proportionate share:					
Employees' retirement system		4,637,550		4,637,550	
Teachers' retirement system		4,801,433		4,801,433	
Total other postemployment benefits obligation	173,393,996	12,381,309	(8,643,670)	177,131,635	
Total long-term liabilities	197,846,587	22,096,160	(12,096,986)	207,845,761	2,217,083

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

A) Bonds Payable:

Bond payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
School construction	2016	2036	2.00% - 3.00%	\$ 5,090,000
School construction	2016	2037	3.00% - 3.50%	4,560,000
School construction	2017	2037	2.00% - 3.00%	4,090,000
School construction	2019	2030	1.75% - 5.00%	395,000
Library construction	2019	2029	4.00% - 5.00%	5,355,000
		Total		<u>\$ 19,490,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,690,000	\$ 624,169	\$ 2,314,169
2025	1,755,000	561,419	2,316,419
2026	1,825,000	496,869	2,321,869
2027	1,880,000	429,894	2,309,894
2028	1,960,000	359,813	2,319,813
2029-2033	6,200,000	1,103,850	7,303,850
2034-2037	4,180,000	288,003	4,468,003
	<u>\$ 19,490,000</u>	<u>\$ 3,864,017</u>	<u>\$ 23,354,017</u>

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

Unissued Debt

On December 8, 2022, voters approved a bond authorization for a total estimated cost not to exceed \$43,926,484 to finance various District upgrades to security systems, infrastructure, and facilities. As of June 30, 2023, the District had authorized but unissued debt of \$43,926,484.

B) Energy Performance Contract Debt:

Energy performance contract debt is comprised of the following:

<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2023</u>
6/15/2012	6/15/2024	1.977%	\$279,378
			<u>\$279,378</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 279,378	\$ 4,034	\$ 283,412
	<u>\$ 279,378</u>	<u>\$ 4,034</u>	<u>\$ 283,412</u>

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The energy performance contract debt is a master lease purchase agreement. Payments for the year included \$259,856 of principal and \$9,325 of interest.

C) Long-Term Interest:

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

Interest paid	\$ 758,467
Less accrued interest in the prior year	(146,760)
Plus accrued interest in the current year	107,263
Plus amortization on deferred amounts less premiums on library debt	(199,501)
Total interest expense on long-term debt	<u>\$ 519,469</u>

D) Premiums on Bonds:

Premiums on bonds, net of amortization, reported as a component of bonds payable, amounted to \$827,549 at of June 30, 2023. This represents premiums received pertaining to the 2016 district and 2019 library refunding's bond issuance. The premium on refunding of library debt is being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the library refunded bonds, at the point of refunding. The premiums on the 2016 issuance and the 2016 refunding of district debt are being amortized on the District-Wide Financial Statements using the straight-line method over 120 months for the bond issuance and 80 months for the bond refunding, the time to maturity of the district refunded bonds, at the point of refunding. Amortization is included as a component of interest expense in the District-Wide Financial Statements.

NOTE 13 – PENSION PLANS:

A) General information:

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

B) Provisions and administration:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan

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members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law (RSSL). 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 TRS. Once a public employer elects to participate in the System, 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 System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, 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 System 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 Retirement System, 110 State Street, Albany NY 12244.

C) **Funding policies:**

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.

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- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
- 2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976, but before January 1, 2010
 - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023, for covered payroll was 15.9% for Tier 2, 13.0% for Tier 3 and 4, 11.1% for Tier 5, and 8.2% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2023, for covered payroll was 10.29%.

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

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

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

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The District opted into the NYSERS SCO in 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 and deferred \$453,573, \$293,366, \$118,704, \$96,586 and \$28,937 respectively, net of amortizations and timing differences. The total amount deferred under the NYSERS SCO at June 30, 2023 is \$454,264, reflecting the net remaining balances deferred in 2014-15, through 2018-19. The District will annually evaluate its deferral options under the NYSERS SCO.

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

		NYSERS	
	NYSERS	SCO	NYSTRS
2023	\$ 1,146,749	\$ (454,264)	\$ 4,619,706
2022	\$ 1,250,213	\$ (537,986)	\$ 4,343,368
2021	\$ 1,249,795	\$ (619,005)	\$ 4,202,768

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (4,637,550)	\$ (4,801,433)
District's portion of the Plan's total		
net pension asset/(liability)	0.0216263%	0.250219%
Change in proportion since prior		
Measurement date	0.0019961%	-0.0096050%

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

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For the fiscal year ended June 30, 2023, the District recognized pension expense of \$6,223,714 for TRS and \$1,949,916 for ERS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 493,935	\$ 5,031,294	\$ 130,240	\$ 96,212
Net difference between projected and actual earnings on pension plan investments	-	6,203,907	27,245	-
Changes of assumptions	2,252,294	9,313,968	24,892	1,934,153
Changes in proportion and differences between the District's contributions and proportionate share of contributions	668,880	842,228	10,213	265,620
District's contributions subsequent to the measurement date	417,684	4,619,706		
	<u>\$ 3,832,793</u>	<u>\$ 26,011,103</u>	<u>\$ 192,590</u>	<u>\$ 2,295,985</u>

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

	<u>ERS</u>	<u>TRS</u>
Plan Year Ended:		
2023		\$ (3,745,850)
2024	\$ (865,426)	(2,000,945)
2025	42,696	665,572
2026	(1,085,210)	(12,268,482)
2027	(1,314,579)	(1,618,564)
Thereafter	-	(127,143)
	<u>\$ (3,222,519)</u>	<u>\$ (19,095,412)</u>

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

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	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrements	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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 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.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.30%	33%	6.5%
International equity	15%	6.85%	16%	7.2%
Global equity			4%	6.9%
Private equity	10%	7.50%	8%	9.9%
Real estate	9%	4.60%	11%	6.2%
Opportunistic/ absolute return strategy	3%	5.38%		
Real assets	3%	5.84%		
Credit	4%	5.43%		
Cash	1%	0.00%		
Fixed income	23%	1.50%	16%	1.1%
Global bonds			2%	0.6%
High-yield bonds			1%	3.3%
Private debt			2%	5.3%
Real estate debt			6%	2.4%
Cash equivalents			1%	-0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(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 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95%

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for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (11,206,970)</u>	<u>\$ (4,637,550)</u>	<u>\$ 851,964</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (44,271,466)</u>	<u>\$ (4,801,433)</u>	<u>\$28,392,606</u>

Pension Plan Fiduciary Net Position

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

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

Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023, through June 30, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023, amounted to \$417,684. In addition, a provision is made in payables for amortization payments due under the ERS SCO of \$144,133.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023, represent employee and employer contributions for the fiscal year ended June 30, 2023, based on paid TRS wages multiplied by the employer's

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contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023, amounted to \$5,237,627.

NOTE 14 – PENSION PLANS – OTHER:

A) Tax sheltered annuities:

The District has adopted a 403(b)-plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$65,349 and \$2,641,214 respectively.

B) Deferred compensation plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023, totaled \$554,724.

NOTE 15 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 76% and 100% of premiums for retirees, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District and retirees contributed an estimated \$5,554,935 to the Plan, including \$5,554,935 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Employees Covered by Benefit Terms

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

Inactive employees and beneficiaries currently receiving benefit payments	404
Active employees	<u>523</u>
Total	<u><u>927</u></u>

B) Total OPEB Liability:

The District's Total OPEB Liability of \$177,131,635 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Discount rate	3.65%
Healthcare cost trend rates	In 2021, 7.0% for non-medicare, 5.00% for medicare, decreasing to an ultimate rate of 5.0% in 2025, and later years
Retirees' share of benefit-related costs	6% to 24% of health insurance premiums for retirees, and 6% to 24% of surviving spouse coverage

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The assumed discount rate was changed from 3.54% at June 30, 2022 to 3.65% at June 30, 2023.

Mortality rates for ERS members were based on Scale MP-2021 after base year 2014. Mortality rates for TRS members were based on Scale MP-2021 after base year 2014.

The actuarial assumptions used in the July 1, 2021, valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C) Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$ 173,393,996
Changes for the fiscal year:	
Service cost	6,123,845
Interest	6,257,464
Differences between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	(3,088,735)
Benefit payments	(5,554,935)
Net changes	<u>3,737,639</u>
Balance at June 30, 2023	<u>\$ 177,131,635</u>

The assumed discount rate was changed from 3.54% at June 30, 2022 to 3.65% at June 30, 2023.

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

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$208,403,399</u>	<u>\$177,131,635</u>	<u>\$152,351,739</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$148,444,204</u>	<u>\$177,131,635</u>	<u>\$214,634,482</u>

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$13,847,923. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,854,604	\$ 3,741,974
Changes of assumptions or other inputs	<u>18,951,674</u>	<u>40,757,999</u>
	<u>\$ 32,806,278</u>	<u>\$ 44,499,973</u>

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

Fiscal Year ended June 30:	
2024	\$ 1,466,614
2025	1,466,614
2026	(3,689,516)
2027	(5,321,996)
2028	(4,796,626)
Thereafter	(818,785)
Total	<u>\$ (11,693,695)</u>

NOTE 16 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$724,067 has been appropriated to reduce taxes for the year ending June 30, 2024.

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE

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

	<u>Capital Reserve</u>	<u>Capital Reserve</u>	
Date Created	2018	2010	
Number of Years to Fund	10	10	
Maximum Funding	\$ 10,000,000	\$ 10,000,000	
General Fund			<u>Total</u>
Funding Provided	\$ 8,312,636	\$ 10,000,000	\$ 18,312,636
Interest Earnings	113,520	219,621	333,141
Use of Reserve	(6,142,118)	(10,000,000)	(16,142,118)
Total General Fund	<u>2,284,038</u>	<u>219,621</u>	<u>2,503,659</u>
Capital Projects Fund			
Funding Provided	6,142,118	10,000,000	16,142,118
Use of Reserve	(6,142,118)	(10,000,000)	(16,142,118)
Total Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of June 30, 2023	<u>\$ 2,284,038</u>	<u>\$ 219,621</u>	<u>\$ 2,503,659</u>

NOTE 18 – RISK MANAGEMENT:

A) General:

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

B) Consortiums and Self-Insured Plans:

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

The District participates in the Nassau County 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

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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. Long-term liabilities include \$223,952 for reported claims which were incurred through November 18, 2010, but were reported through June 30, 2023. The District's share of the total liability discounted at 1% for incurred but unpaid claims and incurred but not reported claims is \$1,057,000. As of June 30, 2023, the Workers' Compensation Plan has plan assets of \$27,116,789 to pay these liabilities.

Prior to joining the Nassau County Workers Compensation self-insurance plan, the District was self-funded for workers compensation claims. Self-funded workers' compensation balances and activity for the current and proceeding year ended June 30th are as follows:

	Fiscal Year 2023	Fiscal Year 2022
Unpaid claims at beginning of year	\$ 1,077,775	\$ 1,022,450
Incurred claims and claim adjustment expenses	48,164	101,238
Claim payments and adjustments	(68,939)	(45,913)
Unpaid claims at year end	<u>\$ 1,057,000</u>	<u>\$ 1,077,775</u>

NOTE 19 – COMMITMENT AND CONTINGENCIES:

A) Encumbered:

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

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 414,358
Instruction	174,543
Employee benefits	10,265
	<u>599,166</u>
Restricted and assigned:	
Capital Projects Fund	<u>\$ 4,273,734</u>
School Lunch Fund	<u>\$ 257,049</u>
Special Aid Fund	<u>\$ 295,575</u>
Total encumbrances	<u><u>\$ 5,425,524</u></u>

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, will be immaterial.

C) Litigation:

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

NOTE 20 - TAX ABATEMENTS:

The Town of North Hempstead, under the authority of Section 577 of New York Private Housing Finance Law, entered into property tax abatement programs with various housing development fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The District's tax abatement information was not available at the time of financial statement publishing. The District received Payments in Lieu of Tax (PILOT) payments totaling \$34,271 for these programs during the fiscal year.

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

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, except for the following:

**MANHASSET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- A)** On August 31, 2023, the District issued a tax anticipation note in the amount of \$7,000,000, and bears an interest rate of 5.00%, and a premium on issuance of \$77,910 for an effective net interest rate of 3.6231%.

- B)** On August 31, 2023, the District issued a bond anticipation note in the amount of \$11,000,000, and bears an interest rate of 5.00%, and a premium on issuance of \$152,680, for an effective interest rate of 3.612%.

SUPPLEMENTARY INFORMATION

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 93,362,871	\$ 93,362,871	\$ 93,448,492	\$ 85,621
Other tax items	2,562,542	2,562,542	2,693,964	131,422
Charges for services	1,130,630	1,130,630	1,187,411	56,781
Use of money & property	40,000	40,000	206,079	166,079
Sale of property and compensation for loss	30,000	30,000	43,974	13,974
Miscellaneous	207,182	285,441	265,614	(19,827)
Library debt service reimbursement	1,026,500	1,026,500	1,026,500	-
State Sources				
State aid	5,493,170	5,493,170	5,623,491	130,321
Federal Sources				
Medicaid reimbursements	20,000	20,000	23,870	3,870
Federal grants	-	-	205,783	205,783
TOTAL REVENUES	<u>\$ 103,872,895</u>	<u>\$ 103,951,154</u>	<u>\$ 104,725,178</u>	<u>\$ 774,024</u>
Appropriated fund balance	724,067	724,067		
Appropriated reserves	<u>590,200</u>	<u>814,531</u>		
TOTAL REVENUES & APPROPRIATED FUND BALANCE AND RESERVES	<u>\$ 105,187,162</u>	<u>\$ 105,489,752</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**MANHASSET UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of education	\$ 113,184	\$ 119,021	\$ 115,136		\$ 3,885
Central administration	350,451	329,666	329,445		221
Finance	1,219,455	1,460,559	1,447,694	\$ 5,300	7,565
Staff	944,922	1,299,371	1,260,817	2,400	36,154
Central services	7,492,526	7,744,803	7,116,009	406,658	222,136
Special items	912,331	900,098	896,151		3,947
Total General Support	<u>11,032,869</u>	<u>11,853,518</u>	<u>11,165,252</u>	<u>414,358</u>	<u>273,908</u>
Instruction					
Instruction, administration, and improvement	3,063,715	3,114,214	3,092,073	6,831	15,310
Teaching-regular school	30,617,577	30,086,132	29,926,760	13,569	145,803
Programs for children with handicap conditions	12,988,377	13,054,254	12,901,727	1,914	150,613
Occupational education	111,824	89,015	83,868		5,147
Teaching- special schools	12,000	22,010	22,009		1
Instructional media	4,937,617	4,837,815	4,566,048	150,229	121,538
Pupil services	7,085,222	7,201,791	7,047,334	2,000	152,457
Total Instruction	<u>58,816,332</u>	<u>58,405,231</u>	<u>57,639,819</u>	<u>174,543</u>	<u>590,869</u>
Pupil transportation	<u>5,871,022</u>	<u>5,559,031</u>	<u>5,524,972</u>		<u>34,059</u>
Employee benefits	<u>25,156,616</u>	<u>25,395,699</u>	<u>25,310,434</u>	<u>10,265</u>	<u>75,000</u>
Debt service					
Debt service - interest	82,000	72,550	71,700		850
TOTAL EXPENDITURES	<u>100,958,839</u>	<u>101,286,029</u>	<u>99,712,177</u>	<u>599,166</u>	<u>974,686</u>
Other Financing Uses					
Transfers to other funds	<u>4,228,323</u>	<u>4,203,723</u>	<u>4,088,573</u>		<u>115,150</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 105,187,162</u>	<u>\$ 105,489,752</u>	<u>103,800,750</u>	<u>\$ 599,166</u>	<u>\$ 1,089,836</u>
NET CHANGE IN FUND BALANCES			924,428		
FUND BALANCES - BEGINNING OF YEAR			<u>7,523,608</u>		
FUND BALANCES - END OF YEAR			<u>\$ 8,448,036</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.0216263%	0.0196302%	0.0180632%	0.0180660%	0.0188791%	0.0188249%	0.0185850%	0.0196989%	0.0199034%	0.0199034%
District's proportionate share of the net pension asset/(liability)	\$ (4,637,550)	\$ 1,604,686	\$ (17,986)	\$ (4,783,980)	\$ (1,337,643)	\$ (607,564)	\$ (1,746,287)	\$ (3,161,723)	\$ (672,386)	\$ (899,407)
District's covered payroll	\$ 8,199,181	\$ 8,161,056	\$ 7,603,254	\$ 7,766,058	\$ 7,394,693	\$ 7,467,050	\$ 7,161,106	\$ 6,802,586	\$ 6,421,165	\$ 6,398,909
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	56.56%	19.66%	0.24%	61.60%	18.09%	8.14%	24.39%	46.48%	10.47%	14.06%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
NYSTRS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.250219%	0.259824%	0.250587%	0.251874%	0.257382%	0.260177%	0.265540%	0.260418%	0.255969%	0.266982%
District's proportionate share of the net pension asset/(liability)	\$ (4,801,433)	\$ 45,024,947	\$ (6,924,405)	\$ 6,543,704	\$ 4,654,155	\$ 1,977,606	\$ (2,844,041)	\$ 27,049,135	\$ 28,513,321	\$ 1,757,430
District's covered payroll	\$ 45,381,553	\$ 44,639,783	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	\$ 42,043,664	\$ 41,531,772	\$ 39,984,542	\$ 38,554,664	\$ 39,629,369
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.58%	100.86%	15.95%	15.16%	10.80%	4.70%	6.85%	67.65%	73.96%	4.43%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

Note to Required Supplementary Information

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

Teachers' Retirement System

The discounted rate remained at 6.95% as reflected in 2022 and 2023 above.

Employees' Retirement System

The discount rate remained at 5.90% as reflected in 2022 and 2023 above.

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

	NYSERS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,146,749	\$ 1,250,213	\$ 1,249,795	\$ 1,126,894	\$ 1,167,632	\$ 1,057,595	\$ 988,469	\$ 926,100	\$ 1,162,241	\$ 795,633
Contributions in relation to the contractually required contribution	<u>1,146,749</u>	<u>1,250,213</u>	<u>1,249,795</u>	<u>1,126,894</u>	<u>1,167,632</u>	<u>1,057,595</u>	<u>988,469</u>	<u>926,100</u>	<u>1,162,241</u>	<u>795,633</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 8,211,309	\$ 8,139,138	\$ 8,056,328	\$ 7,808,133	\$ 7,471,508	\$ 7,442,763	\$ 7,151,177	\$ 6,853,361	\$ 6,696,766	\$ 6,605,971
Contributions as a percentage of covered payroll	13.97%	15.36%	15.51%	14.43%	15.63%	14.21%	13.82%	13.51%	17.36%	12.04%

	NYSTRS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,619,706	\$ 4,343,368	\$ 4,202,768	\$ 3,769,741	\$ 4,464,846	\$ 4,108,623	\$ 4,832,101	\$ 5,433,344	\$ 6,857,442	\$ 6,144,217
Contributions in relation to the contractually required contribution	<u>4,619,706</u>	<u>4,343,368</u>	<u>4,202,768</u>	<u>3,769,741</u>	<u>4,464,846</u>	<u>4,108,623</u>	<u>4,832,101</u>	<u>5,433,344</u>	<u>6,857,442</u>	<u>6,144,217</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 46,631,247	\$ 45,381,553	\$ 44,639,783	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	\$ 42,043,664	\$ 41,531,777	\$ 39,984,542	\$ 38,554,664
Contributions as a percentage of covered payroll	9.91%	9.57%	9.41%	8.69%	10.35%	9.53%	11.49%	13.08%	17.15%	15.94%

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

Note: The above amounts for NYSERS exclude the effects of the 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 Stabilization Contribution Option entered into by the District.

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

Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,123,845	\$ 8,969,758	\$ 6,821,857	\$ 4,291,977	\$ 5,170,461	\$ 5,306,455
Interest	6,257,464	4,668,652	4,227,401	5,451,609	5,149,830	4,769,500
Changes of benefit terms	-	(101,652)	-	(382,999)	-	-
Differences between expected and actual experience	-	19,053,068	-	(10,514,786)	51,437	634,882
Changes of assumptions or other inputs	(3,088,735)	(49,174,195)	1,724,918	50,862,636	(5,943,927)	-
Benefit payments	(5,554,935)	(4,912,319)	(4,667,969)	(4,085,822)	(4,509,369)	(4,752,473)
Net change in Total OPEB Liability	3,737,639	(21,496,688)	8,106,207	45,622,615	(81,568)	5,958,364
Total OPEB Liability - beginning	173,393,996	194,890,684	186,784,477	141,161,862	141,243,430	135,285,066
Total OPEB Liability - ending	\$ 177,131,635	\$ 173,393,996	\$ 194,890,684	\$ 186,784,477	\$ 141,161,862	\$ 141,243,430
 Covered-employee payroll	 \$ 47,549,615	 \$ 46,414,504	 \$ 39,458,941	 \$ 38,487,111	 \$ 36,046,215	 \$ 34,996,325
 Total OPEB Liability as a percentage of covered-employee payroll	 372.52%	 373.58%	 493.91%	 485.32%	 391.61%	 403.60%

Notes to Schedule:*Trust Assets*

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

Change of Assumption:

The discount rate was 3.65% as of June 30, 2023.
The discount rate was 3.54% as of June 30, 2022.
The discount rate was 2.16% as of June 30, 2021.
The discount rate was 2.21% as of June 30, 2020.
The discount rate was 3.87% as of June 30, 2019.
The discount rate was 3.58% as of June 30, 2018.

**MANHASSET UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$104,596,962
Add: Prior year's encumbrances	<u>590,200</u>
Original Budget	105,187,162
Budget Revisions:	
Appropriated reserves - repair reserve	224,305
Gifts and donations	78,260
Prior year adjustment	<u>25</u>
Final Budget	<u><u>\$105,489,752</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget	<u><u>\$107,733,004</u></u>
Maximum allowed (4% of the 2023-2024 budget)	<u><u>\$4,309,320</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,323,233
Unassigned fund balance	<u>4,309,820</u>
Total unrestricted fund balance	5,633,053
Less:	
Appropriated fund balance	724,067
Encumbrances included in assigned fund balance	<u>599,166</u>
Total adjustments	<u>1,323,233</u>
General fund fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$4,309,820</u></u>
Actual percentage	4.00%

SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Year's	Current Year	Total		Proceeds of Obligations	Federal & State Aid	Local Sources	Total	
2014 Capital Projects Bond	\$ 22,609,870	\$ 22,640,026	\$ 22,583,002	\$ -	\$ 22,583,002	\$ 57,024	\$ 19,493,194	\$ -	\$ 3,146,832	\$ 22,640,026	\$ 57,024
2018 Smart Schools Bond Act	93,767	144,324	144,324		144,324	-	-	144,324	-	144,324	-
2019 Security Vestibules	156,410	161,106	161,106		161,106	-	-	100,000	61,106	161,106	-
2019 Capital Projects	5,830,000	6,080,000	5,327,744	113,839	5,441,583	638,417	-	250,000	5,373,653	5,623,653	182,070
2021 Capital Projects	1,917,685	1,917,685	1,838,802	41,363	1,880,165	37,520	-		1,917,685	1,917,685	37,520
2022 Capital Projects	3,185,000	3,185,000	40,937	2,847,633	2,888,570	296,430			3,185,000	3,185,000	296,430
2022 Capital Projects Bond	43,996,484	43,996,484	-	323,733	323,733	43,672,751				-	(323,733) *
TOTAL	\$ 77,789,216	\$ 34,128,141	\$ 30,095,915	\$ 3,326,568	\$ 33,098,750	\$ 1,029,391	\$ 19,493,194	\$ 494,324	\$ 13,684,276	\$ 33,671,794	\$ 249,311

*The deficit balance will be eliminated once permanent funding is obtained.

**MANHASSET UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net		\$ 76,696,386
Add:		
Deferred amounts on refunding	\$ 57,034	
Unspent bond proceeds	<u>57,024</u>	114,058
Deduct:		
Accounts payable	<u>\$ (187,475)</u>	(187,475)
Short-term portion of bonds payable, inclusive of unamortized premium	\$ (1,844,020)	
Long-term portion of bonds payable, inclusive of unamortized premium	<u>(18,473,529)</u>	(20,317,549)
Short-term portion of energy performance contract debt	<u>\$ (279,378)</u>	<u>(279,378)</u>
Net investment in capital assets		<u><u>\$ 56,026,042</u></u>

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

To the Board of Education
Manhasset Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Manhasset Union Free School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

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

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

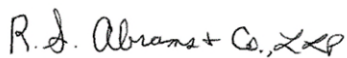
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, New York
October 30, 2023