

**HERRICKS UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

HERRICKS UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Herricks Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Herricks Union Free School District (the "District") as of and for the year ended June 30, 2024, 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 and each major fund of the District, as of June 30, 2024, 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 5 through 20 and 65 through 69 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 listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 11, 2024

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following is a discussion and analysis of the Herricks Union Free School District’s (the “District”) financial performance for the fiscal year ended June 30, 2024. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide Financial Statements 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

- The District’s total net position, as reflected in the District-Wide Financial Statements is a deficit of \$211,352,231, which is an increase in the deficit of \$43,152,363 from the prior year, based on the accrual basis of accounting.
- On the District-Wide Financial Statements, revenues totaled \$142,192,920. This is an increase of \$8,500,557 or 6.36%, over the prior year. Expenses (excluding the special item) totaled \$139,182,880, which is a decrease of \$428,557 or 0.31%, from the prior year.
- The general fund’s total fund balance, as reflected in the Fund Financial Statements, increased by \$760,545 to \$26,788,683 as of June 30, 2024 based on the modified accrual basis of accounting.
- The proposed 2024-2025 budget in the amount of \$141,710,364 was authorized by the District’s residents. The tax levy associated with this budget was under the NYS property tax cap.
- On July 30, 2024, the District issued a bond anticipation note for \$40,000,000 maturing on July 30, 2025, for payment of the settled legal claims. On the District-Wide Financial Statements, the District recorded a long-term liability of \$40,450,000 for settled Child Victim’s Act legal settlements. See Note 21 to the Financial Statements for further information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

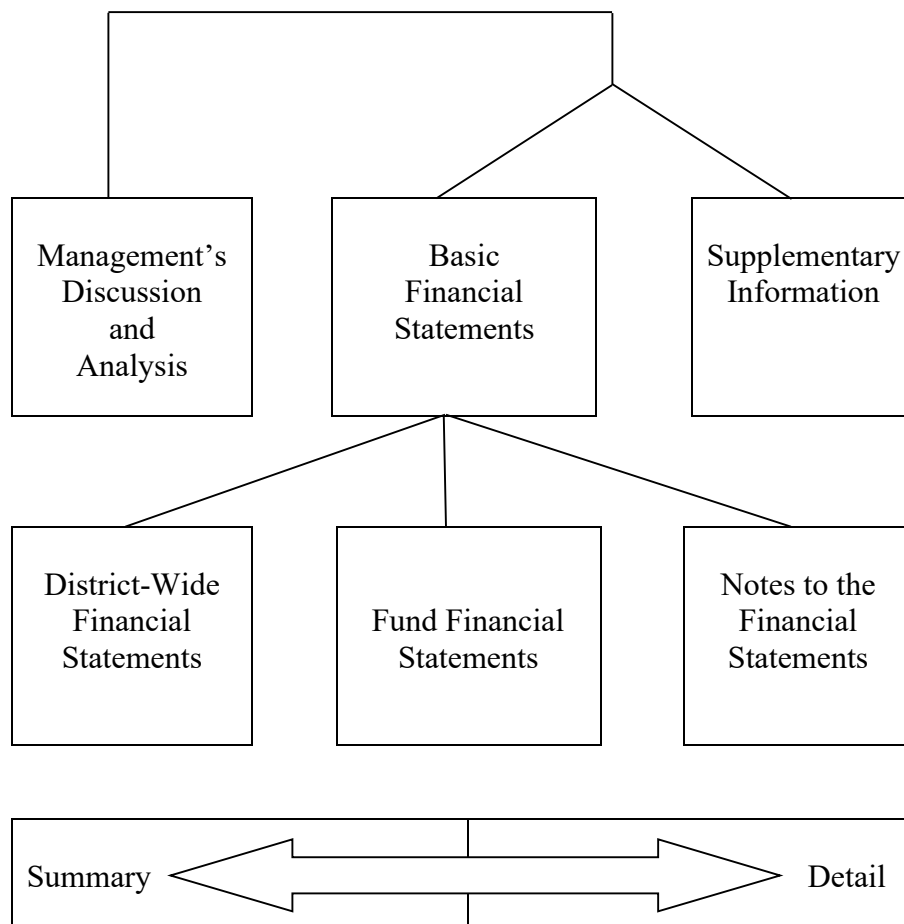
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.
 - 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial 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 following Table shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The Table below summarizes the major features of the District's basic 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.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements
		Governmental
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement 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, intangible lease assets, or long-term liabilities included
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

A) District-Wide Statements

The District-Wide Financial 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, deferred outflows of resources, 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The two District-Wide Financial 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 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 differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, 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 and amortization are not calculated as it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in account groups and do not affect the fund balances.

District-Wide Financial 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 and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization 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 placed 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;
 - *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.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District has one kind of fund:

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 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 Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net deficit increased by \$43,152,363 resulting in a net deficit of \$211,352,231 as of June 30, 2024, as detailed in the Table on the following page.

Condensed Statement of Net Position

	2024	2023	Change	Total Percentage Change
Current assets	\$41,808,188	\$41,509,138	\$299,050	0.72%
Noncurrent assets	59,871,482	60,733,256	(861,774)	(1.42%)
Total Assets	101,679,670	102,242,394	(562,724)	(0.55%)
Deferred outflows of resources	29,435,069	40,636,346	(11,201,277)	(27.56%)
Total Assets and Deferred Outflows	131,114,739	142,878,740	(11,764,001)	(8.23%)
Current liabilities	12,786,741	13,991,192	(1,204,451)	(8.61%)
Long-term liabilities	272,911,334	255,991,791	16,919,543	6.61%
Total Liabilities	285,698,075	269,982,983	15,715,092	5.82%
Deferred inflows of resources	56,768,895	41,095,625	15,673,270	38.14%
Total Liabilities and Deferred Inflows	342,466,970	311,078,608	31,388,362	10.09%
Net Position (Deficit)				
Net investment in capital assets	40,926,994	41,212,273	(285,279)	(0.69%)
Restricted	20,832,515	20,794,108	38,407	0.18%
Unrestricted (deficit)	(273,111,740)	(230,206,249)	(42,905,491)	18.64%
Total Net Position (Deficit)	<u><u>\$ (211,352,231)</u></u>	<u><u>\$ (168,199,868)</u></u>	<u><u>\$ (43,152,363)</u></u>	25.66%

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Current assets and other assets increased by \$299,050, primarily due to increases in cash and cash equivalents and state and federal aid receivable.

Noncurrent assets decreased by \$861,774 or 1.42%. This was primarily due to current year depreciation and amortization exceeding current year additions.

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 14.

Current liabilities decreased by \$1,204,451 or 8.61%. This decrease was primarily attributable to decreases in accounts payable and other liabilities partially offset by increases in accrued liabilities, due to other governments, and accrued interest payable.

Long-term liabilities increased by \$16,919,543 or 6.61%, mostly due to increases for Child Victims Act legal settlements (see Note 21) and bond anticipation note payable, partially offset by decreases in the net pension liability - proportionate share – teachers' retirement system, net pension liability – proportionate share – employees' retirement system, and total other post-employment benefits obligation.

The changes in deferred inflows of resources represent lease receivables as discussed in Note 8, amortization of pension related items as discussed in Note 14, and inflows related to other post-employment benefits as discussed in Note 16.

The net investment in capital assets relates to the investment in capital assets at cost and intangible lease assets at the present value of future lease payments remaining on the lease term such as land, construction in progress, buildings and building improvements, furniture and equipment, vehicles, and land improvement, net of accumulated depreciation, amortization, and related debt. This amount decreased by \$285,279 or 0.69%.

The restricted net position at June 30, 2024, relates to the District's reserve and restricted funds established for specific purposes. Restricted net position increased by \$38,407 or 0.18% as a result of District contributions exceeding utilization.

The unrestricted net deficit relates to the balance of the District's net position. This deficit amount of \$273,111,740 is an increase of \$42,905,491 or 18.64%, from the prior year deficit.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Changes in Net Position

The results in 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, 2024 and 2023 is as follows:

Change in Net Position from Operating Results - Governmental Activities Only

	2024	2023	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$3,496,019	\$3,540,369	\$(44,350)	(1.25%)
Operating grants and contributions	3,698,428	4,816,895	(1,118,467)	(23.22%)
Capital grant	193,995	175,733	18,262	10.39%
General Revenues				
Real property taxes and other tax items	106,888,685	105,261,236	1,627,449	1.55%
Use of money and property	1,830,323	1,513,945	316,378	20.90%
Other	629,642	861,281	(231,639)	(26.89%)
State sources	25,455,828	17,522,904	7,932,924	45.27%
Total Revenues	<u>142,192,920</u>	<u>133,692,363</u>	<u>8,500,557</u>	6.36%
Expenses				
General support	21,217,910	20,102,403	1,115,507	5.55%
Instruction	110,160,075	112,028,754	(1,868,679)	(1.67%)
Pupil transportation	5,141,534	4,926,903	214,631	4.36%
Community service	72,703	55,161	17,542	31.80%
Debt service - interest	619,907	604,462	15,445	2.56%
Food service program	1,970,751	1,893,754	76,997	4.07%
Total Expenses	<u>139,182,880</u>	<u>139,611,437</u>	<u>(428,557)</u>	(0.31%)
Special Item (See Note 21)	<u>46,162,403</u>	<u>-</u>	<u>46,162,403</u>	N/A
Total Change in Net Position	<u><u>\$(43,152,363)</u></u>	<u><u>\$(5,919,074)</u></u>	<u><u>\$(37,233,289)</u></u>	629.04%

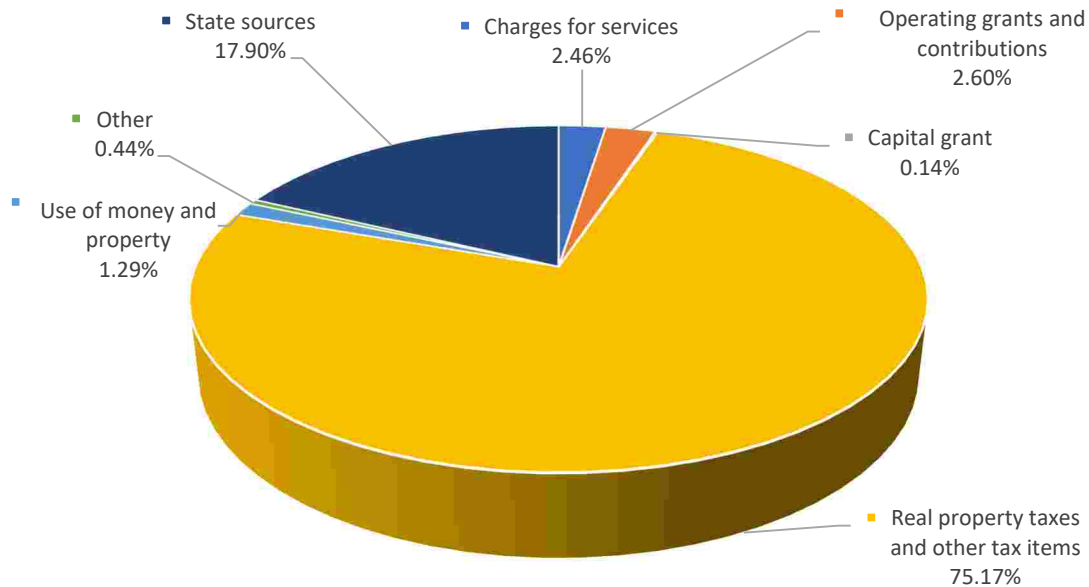
The District's total fiscal year 2024 revenues totaled \$142,192,920. This is an increase of \$8,500,557, or 6.36% over the prior year. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 75.17% and 17.90%, respectively, of total revenue. The remainder came from charges for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services (excluding the special item) totaled \$139,182,880 for fiscal year 2024. This is a decrease of \$428,557, or 0.31%, from the prior year. These expenses (excluding the special item) are predominantly related to instruction and general support, which account for 79.15% and 15.24% of District expenses, respectively. Expenses (excluding the special item) decreased primarily due to actuarially determined expenses for pension and other post-employment benefits.

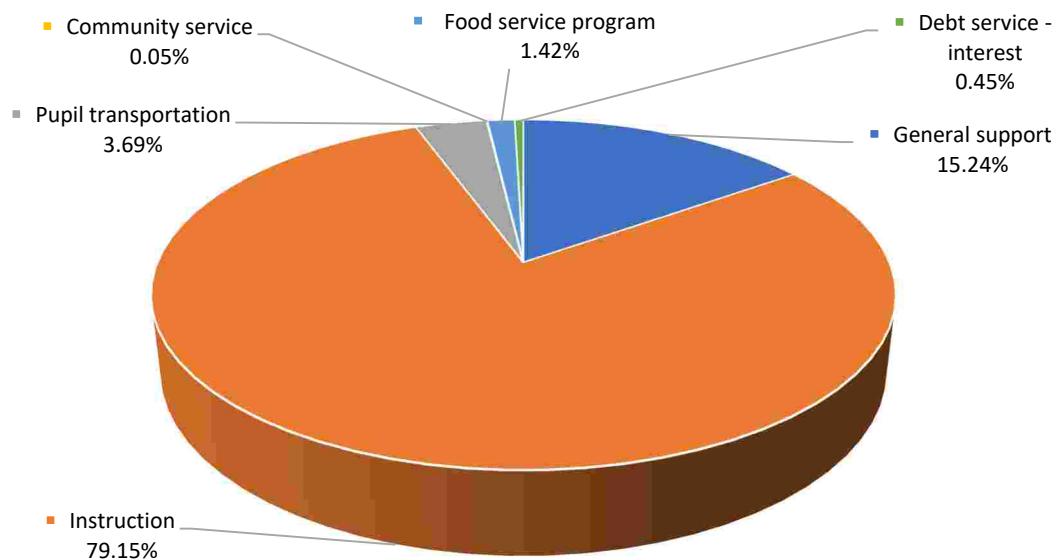
**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The users of the District's programs financed \$3,496,019 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$3,698,428 and capital grants of \$193,995.

Revenues for Fiscal Year 2024



Expenses (excluding the special item) for Fiscal Year 2024



**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 or intangible lease assets financed by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt.

As of June 30, 2024, the District’s combined governmental funds reported a total fund balance of \$29,174,371, which is an increase of \$1,438,314 from the prior year.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

	2024	2023	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable	\$50,455	\$39,507	\$10,948	27.71%
Restricted:				
Employees' retirement system	8,036,415	8,401,162	(364,747)	(4.34%)
Teachers' retirement system	5,808,928	4,989,514	819,414	16.42%
Capital	2,112,568	2,043,193	69,375	3.40%
Repair	2,963	2,865	98	3.42%
Insurance	586,375	567,119	19,256	3.40%
Employee benefit accrued liability	1,201,354	1,196,112	5,242	0.44%
Workers' compensation	1,903,244	2,180,554	(277,310)	(12.72%)
Unemployment insurance	116,630	112,800	3,830	3.40%
Assigned:				
Appropriated for subsequent year's expenditures	1,150,000	550,000	600,000	109.09%
Encumbrances	232,227	556,585	(324,358)	(58.28%)
Unassigned:				
Unassigned	5,587,524	5,388,727	198,797	3.69%
Total Fund Balance - General Fund	<u>\$26,788,683</u>	<u>\$26,028,138</u>	<u>\$760,545</u>	2.92%
School Lunch Fund				
Nonspendable - inventory	\$42,877	\$45,411	\$(2,534)	(5.58%)
Assigned - unappropriated fund balance	<u>1,400,596</u>	<u>1,083,636</u>	<u>316,960</u>	29.25%
Total Fund Balance - School Lunch Fund	<u>\$1,443,473</u>	<u>\$1,129,047</u>	<u>\$314,426</u>	27.85%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	\$56,098	\$64,649	\$(8,551)	(13.23%)
Assigned - unappropriated fund balance	<u>258,927</u>	<u>236,952</u>	<u>21,975</u>	9.27%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$315,025</u>	<u>\$301,601</u>	<u>\$13,424</u>	4.45%
Capital Projects Fund				
Restricted:				
Capital reserve	\$452,104	\$742,340	\$(290,236)	(39.10%)
Unspent bond proceeds	273,342	379,834	(106,492)	(28.04%)
Unassigned deficit	<u>(654,092)</u>	<u>(1,338,703)</u>	<u>684,611</u>	(51.14%)
Total Fund Balance - Capital Projects Fund	<u>\$71,354</u>	<u>\$(216,529)</u>	<u>\$287,883</u>	(132.95%)
Debt Service Fund				
Restricted for debt service	<u>\$555,836</u>	<u>\$493,800</u>	<u>\$62,036</u>	12.56%
Total Fund Balance - All Funds	<u>\$29,174,371</u>	<u>\$27,736,057</u>	<u>\$1,438,314</u>	5.19%

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

A) General Fund

The net change in fund balance within the general fund is an increase of \$760,545, as a result of revenues and other financing sources of \$136,024,950 exceeding expenditures, other financing uses, and special item of \$135,264,405.

A summary of changes in revenues, other financing sources, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2024 and 2023 is as follows:

	2024	2023	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$100,450,657	\$97,817,909	\$2,632,748	2.69%
Other tax items	6,438,028	7,443,327	(1,005,299)	(13.51%)
Charges for services	1,282,475	1,526,124	(243,649)	(15.97%)
Use of money and property	1,772,046	1,467,937	304,109	20.72%
Sale of property and compensation for loss	58,982	234,204	(175,222)	(74.82%)
Miscellaneous	396,087	366,544	29,543	8.06%
State sources	25,455,828	17,522,904	7,932,924	45.27%
Federal sources	111,797	200,319	(88,522)	(44.19%)
Total Revenues	<u>135,965,900</u>	<u>126,579,268</u>	<u>9,386,632</u>	7.42%
Other Financing Sources				
Premium on obligations	43,560	42,938	622	1.45%
Operating transfers in	<u>15,490</u>	<u>163,183</u>	<u>(147,693)</u>	(90.51%)
Total Other Financing Sources	<u>59,050</u>	<u>206,121</u>	<u>(147,071)</u>	(71.35%)
Expenditures				
General support	17,343,314	15,759,202	1,584,112	10.05%
Instruction	73,116,627	71,109,182	2,007,445	2.82%
Pupil transportation	4,739,596	3,994,810	744,786	18.64%
Community service	51,013	37,205	13,808	37.11%
Employee benefits	30,345,417	29,104,409	1,241,008	4.26%
Debt service - principal	1,703,631	1,977,924	(274,293)	(13.87%)
Debt service - interest	<u>747,791</u>	<u>791,636</u>	<u>(43,845)</u>	(5.54%)
Total Expenditures	<u>128,047,389</u>	<u>122,774,368</u>	<u>5,273,021</u>	4.29%
Other Financing Uses				
Operating transfers out	<u>1,504,613</u>	<u>1,139,562</u>	<u>365,051</u>	32.03%
Total Other Financing Uses	<u>1,504,613</u>	<u>1,139,562</u>	<u>365,051</u>	32.03%
Special Item (See Note 21)	<u>5,712,403</u>	<u>-</u>	<u>5,712,403</u>	N/A
Net Change in Fund Balances	<u>\$760,545</u>	<u>\$2,871,459</u>	<u>\$(2,110,914)</u>	(73.51%)

Revenues increased when compared to the prior year, primarily due to the following:

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- Real property taxes increased due to a rise in the tax levy in accordance with the 2023-2024 voter approved budget.
- Use of money and property increased due to an increase in interest rates.
- Revenues from state sources increased due to more general state and lottery aid received in the current year.

Expenditures (excluding the special item) increased when compared to the prior year, primarily due to the following:

- General support increased due to staff salary increases.
- Instruction increased due to salary increases and pupil service expenditures.
- Employee benefits increased due to higher premium costs for health insurance.

The following is a summary of the general fund's restricted fund balance activity for the fiscal year ended June 30, 2024:

	Beginning Balance	Interest	Use	Transfer	Ending Balance
Employees' retirement system	\$8,401,162	\$285,253	\$-	\$(650,000)	\$8,036,415
Teachers' retirement system	4,989,514	169,414		650,000	5,808,928
Capital	2,043,193	69,375			2,112,568
Repair	2,865	98			2,963
Insurance	567,119	19,256			586,375
Employee benefit accrued liability	1,196,112	40,553	(35,311)		1,201,354
Workers' compensation	2,180,554	74,039	(351,349)		1,903,244
Unemployment insurance	112,800	3,830			116,630
Total Restricted Fund Balance	<u>\$19,493,319</u>	<u>\$661,818</u>	<u>\$(386,660)</u>	<u>\$-</u>	<u>\$19,768,477</u>

B) School Lunch Fund

The increase in the total fund balance of the school lunch fund of \$314,426 is attributable to revenues exceeding expenditures.

C) Miscellaneous Special Revenue Fund

The increase of \$13,424 in fund balance in the miscellaneous special revenue fund is due to revenues in excess of expenditures for extraclassroom activity funds, partially offset by expenditures in excess of revenues for scholarships and donations.

D) Capital Projects Fund

The increase in the capital projects fund balance of \$287,883 is primarily a result of revenues and other financing sources exceeding capital outlays and other financing uses.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

E) Debt Service Fund

The increase in the debt service fund balance of \$62,036 is due to interest earnings and premiums on obligations.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2023-2024 Budget

The District’s general fund adopted budget for the year ended June 30, 2024 was \$134,719,970. This amount was increased by encumbrances carried forward from the prior year in the amount of \$556,585, budget revisions for legal settlements, purchase of emergency equipment, and retirement incentives of \$3,962,825 which resulted in a final budget of \$139,239,380. The majority of the funding was real property taxes and other tax items of \$107,066,824.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual)

The general fund’s unassigned fund balance is a component to total fund balance that is the residual of prior years’ excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years’ budgets. It is this balance that is commonly referred to as “fund balance”. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	\$5,388,727
Revenues and other financing sources over budget	1,854,980
Expenditures, other financing uses, special item and encumbrances under budget	3,742,748
Use of reserves	351,349
Interest allocated to reserves	(661,818)
Change in nonspendable	(10,948)
Use of unassigned fund balance - budget revision	(3,927,514)
Assigned - appropriated for June 30, 2025 budget	(1,150,000)
Closing, unassigned fund balance	<u><u>\$5,587,524</u></u>

The opening unassigned fund balance of \$5,388,727 is the June 30, 2023 unassigned fund balance.

The revenues and other financing sources over budget of \$1,854,980 were primarily due to variances in use of money and property and revenues from state sources (refer to Supplemental Schedule #1 for further details).

The expenditures, other financing uses, special item, and encumbrances under budget of \$3,742,748 were primarily due to variances in general support, instruction, and employee benefits (refer to Supplemental Schedule #1 for further details).

The District used \$351,349 of reserves from the workers’ compensation reserve.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Interest of \$661,818 was allocated to the reserves.

The change in nonspendable fund balance relates to the long-term leases receivable (excess of lease receivable over deferred inflows of resources – leases) in the amount of \$10,948.

The Board of Education approved \$3,927,514 in budget revisions to appropriate fund balance for upcoming settlements and emergency equipment purchases.

The assigned, appropriated fund balance of \$1,150,000 is the amount the District has chosen to partially fund its operating budget for 2024-2025.

The closing unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes or other purposes. This amount is limited to 4.00% of the 2024-2025 budget, and is within the allowable limit, representing 4.00% of the 2024-2025 budget.

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A) Capital Assets and Intangible Lease Assets

A summary of the District's capital assets, net of accumulated depreciation, and intangible lease assets, net of accumulation amortization, is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
Land and land improvements	\$19,084,503	\$18,995,454	\$89,049	0.47%
Construction in progress	1,527,995	5,259,842	(3,731,847)	(70.95%)
Buildings and building improvements	93,582,901	87,837,100	5,745,801	6.54%
Furniture and equipment	4,173,172	3,911,836	261,336	6.68%
Vehicles	2,800,441	2,466,037	334,404	13.56%
	<u>121,169,012</u>	<u>118,470,269</u>	<u>2,698,743</u>	2.28%
Less: Accumulated depreciation	<u>62,370,880</u>	<u>58,906,509</u>	<u>3,464,371</u>	5.88%
Total Capital Assets, Net	<u>\$58,798,132</u>	<u>\$59,563,760</u>	<u>\$(765,628)</u>	(1.29%)
Intangible Lease Assets, Net	<u>\$247,471</u>	<u>\$192,064</u>	<u>\$55,407</u>	28.85%

The District had depreciation expense of \$3,755,282, and amortization expense of \$98,861. See Note 9 to the financial statements for detail.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Long-Term Debt

At June 30, 2024, the District had bonds payable (inclusive of unamortized premium) of \$16,596,578, bond anticipation note payable of \$1,545,000, and lease liability of \$248,314. The decrease in bonds payable reflects principal payments made. The District issued a bond anticipation note of \$1,545,000 during the year. The increase in the lease liability represents additional leases entered into during 2024, partially offset by principal payments made. See Note 13 to the financial statements. A summary of outstanding debt at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Bonds payable (inclusive of unamortized premium)	\$16,596,578	\$18,367,322	\$(1,770,744)
Bond anticipation note payable	1,545,000	-	1,545,000
Lease liability	248,314	187,677	60,637
Total	<u>\$18,389,892</u>	<u>\$18,554,999</u>	<u>\$(165,107)</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- A)** The voters approved the general fund budget in the amount of \$141,710,364 for the fiscal year 2024-2025. This represented a 5.19% increase year over prior year.
- B)** New York State law limits the increase in property taxes levied to the lesser of two percent, or the rate of inflation. The law does allow school districts to levy an additional amount for certain excludable expenditures. An override of the levy limit is also permitted. If the proposed tax levy is within the District's tax levy cap, then the budget is presented and simple majority is required for approval by the voters. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C)** Future budgets may be negatively affected by certain trends impacting school districts. These factors include the following:
- Rising costs in employee salaries and health benefits, as well as contributions to pension programs.
 - Increased costs associated with meeting the requirements for instructional services.
 - Uncertainty with state and federal aid, including new state mandates that may bring changes to state aid formulas that could negatively impact school districts.
 - Rising inflation as well as interest rates, which can affect all areas of the budget.
 - The property tax cap as discussed above.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- D)** On July 30, 2024, the District issued a bond anticipation note for \$40,000,000 maturing on July 30, 2025, for payment of the settled legal claims. The note has a stated interest rate of 4.00%.
- E)** On September 19, 2024, the District issued a bond anticipation note for \$1,545,000 maturing on July 30, 2025, for interim financing of capital projects funds. The note has a stated interest rate of 3.75%.
- F)** On September 19, 2024, the District issued a tax anticipation note of \$6,000,000 maturing on June 20, 2025, for the interim financing of the general fund. The note has a stated interest rate of 4.00%.

8. CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Herricks Union Free School District
Ms. Lisa Rutkoske, CPA
Assistant Superintendent for Business
999 B Herricks Road
New Hyde Park, New York 11040
(516) 305-8903

HERRICKS UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current assets:

Cash and cash equivalents:

Unrestricted	\$15,214,943
Restricted	21,105,857

Receivables:

Taxes receivable	1,282,881
Accounts receivable	81,997
State and federal aid	2,223,144
Due from other governments	1,856,489

Inventory	42,877
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Noncurrent assets:

Lease receivable due within one year	368,202
Lease receivable due after one year	457,677
Nondepreciable capital assets	3,258,111
Depreciable capital assets, net of accumulated depreciation	55,540,021
Intangible lease assets, net of accumulated amortization	247,471

TOTAL ASSETS	<u>101,679,670</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	29,435,069
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>29,435,069</u>
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LIABILITIES

Current liabilities:

Accounts payable	1,924,085
Accrued liabilities	2,633,086
Due to other governments	580,456
Due to teachers' retirement system	6,544,536
Due to employees' retirement system	485,506
Compensated absences payable	35,312
Other liabilities	57,160
Accrued interest payable	257,666
Collections in advance	268,934

Long-term liabilities:

Due and payable within one year:	
Child Victim's Act legal settlements	40,450,000
Bonds payable (inclusive of unamortized premiums)	1,150,744
Lease liability	76,186
Compensated absences payable	338,429
Total other post-employment benefits obligation	6,329,452
Due and payable after one year:	
Bond anticipation note payable	1,545,000
Bonds payable (inclusive of unamortized premiums)	15,445,834
Lease liability	172,128
Compensated absences payable	8,122,286
Workers' compensation claims payable	1,132,993
Net pension liability-proportionate share-employees' retirement system	4,913,741
Net pension liability-proportionate share-teachers' retirement system	3,600,755
Total other post-employment benefits obligation	189,633,786

TOTAL LIABILITIES	<u>285,698,075</u>
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DEFERRED INFLOWS OF RESOURCES

Leases	775,423
Pensions	4,688,515
Other post-employment benefits obligation	51,304,957
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>56,768,895</u>

NET POSITION

Net investment in capital assets	40,926,994
Restricted	20,832,515
Unrestricted (deficit)	<u>(273,111,740)</u>

TOTAL NET POSITION (DEFICIT)	<u>\$(211,352,231)</u>
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**HERRICKS UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
FUNCTIONS / PROGRAMS					
General support	\$(21,217,910)	\$-	\$-	\$-	\$(21,217,910)
Instruction	(110,160,075)	2,026,842	2,878,108	193,995	(105,061,130)
Pupil transportation	(5,141,534)				(5,141,534)
Community service	(72,703)				(72,703)
Debt service - interest	(619,907)				(619,907)
Food service program	(1,970,751)	1,469,177	820,320		318,746
TOTAL FUNCTIONS AND PROGRAMS	<u><u>\$(139,182,880)</u></u>	<u><u>\$3,496,019</u></u>	<u><u>\$3,698,428</u></u>	<u><u>\$193,995</u></u>	<u><u>(131,794,438)</u></u>
GENERAL REVENUES					
Real property taxes					100,450,657
Other tax items - including STAR reimbursement					6,438,028
Use of money and property					1,830,323
Sale of property and compensation for loss					58,982
Miscellaneous					458,863
State sources					25,455,828
Federal sources					111,797
TOTAL GENERAL REVENUES					<u>134,804,478</u>
SPECIAL ITEM (SEE NOTE 21)					
Child Victim's Act legal settlements					<u>(46,162,403)</u>
CHANGE IN NET POSITION					(43,152,363)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					<u>(168,199,868)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u><u>\$(211,352,231)</u></u>

**HERRICKS UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents:							
Unrestricted	\$12,551,339	\$31,350	\$1,640,622	\$134,076	\$857,556	\$-	\$15,214,943
Restricted	19,768,477			56,098	725,446	555,836	21,105,857
Receivables:							
Taxes receivable	1,282,881						1,282,881
Accounts receivable	74,380		736	6,881			81,997
State and federal aid	568,953	1,337,125	32,337		284,729		2,223,144
Due from other governments	1,856,489						1,856,489
Due from other funds	3,020,326	7,020		124,990			3,152,336
Lease receivable	825,879						825,879
Inventory			42,877				42,877
TOTAL ASSETS	\$39,948,724	\$1,375,495	\$1,716,572	\$322,045	\$1,867,731	\$555,836	\$45,786,403
LIABILITIES							
Accounts payable	\$1,815,748	\$49,222	\$57,056	\$-	\$2,059	\$-	\$1,924,085
Accrued liabilities	2,605,688	17,143	10,255				2,633,086
Due to other governments	580,402		54				580,456
Due to other funds	124,990	1,306,276	74,930	7,020	1,639,120		3,152,336
Due to teachers' retirement system	6,544,536						6,544,536
Due to employees' retirement system	485,506						485,506
Compensated absences payable	35,312						35,312
Other liabilities	57,160						57,160
Collections in advance	135,276	2,854	130,804				268,934
TOTAL LIABILITIES	12,384,618	1,375,495	273,099	7,020	1,641,179	-	15,681,411
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - state aid					155,198		155,198
Leases	775,423						775,423
TOTAL DEFERRED INFLOWS OF RESOURCES	775,423	-	-	-	155,198	-	930,621
FUND BALANCES							
Nonspendable:							
Inventory			42,877				42,877
Leases	50,455						50,455
Restricted:							
Retirement contribution:							
Employee retirement system	8,036,415						8,036,415
Teachers' retirement system	5,808,928						5,808,928
Capital reserve	2,112,568				452,104		2,564,672
Repairs	2,963						2,963
Insurance	586,375						586,375
Employee benefit accrued liability	1,201,354						1,201,354
Workers' compensation	1,903,244						1,903,244
Unemployment insurance	116,630						116,630
Capital - unspent bond proceeds					273,342		273,342
Debt service						555,836	555,836
Scholarships and donations				56,098			56,098
Assigned:							
Appropriated fund balance	1,150,000						1,150,000
Unappropriated fund balance	232,227		1,400,596	258,927			1,891,750
Unassigned:							
Unassigned fund balance (deficit)	5,587,524				(654,092)		4,933,432
TOTAL FUND BALANCES	26,788,683	-	1,443,473	315,025	71,354	555,836	29,174,371
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$39,948,724	\$1,375,495	\$1,716,572	\$322,045	\$1,867,731	\$555,836	\$45,786,403

**HERRICKS UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Governmental Fund Balances	\$29,174,371
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, furniture and 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	\$121,169,012	
Accumulated depreciation	<u>(62,370,880)</u>	58,798,132

The present value cost of leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible leased capital assets among the assets of the District as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Original present value cost of intangible lease assets	\$412,821	
Accumulated amortization	<u>(165,350)</u>	247,471

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to	29,435,069
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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:	(257,666)
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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:

Child Victim's Act legal settlements	\$(40,450,000)	
Bond anticipation note payable	(1,545,000)	
Bonds payable (inclusive of unamortized premiums)	(16,596,578)	
Lease liability	(248,314)	
Compensated absences payable	(8,460,715)	
Workers' compensation claims payable	(1,132,993)	
Net pension liability-proportionate share-employees' retirement system	(4,913,741)	
Net pension liability-proportionate share-teachers' retirement system	(3,600,755)	
Total other post-employment benefits obligation	<u>(195,963,238)</u>	(272,911,334)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows will be recognized as a revenue or a reduction in expense in future periods were as follows:

Deferred inflows of resources related to pensions	\$(4,688,515)	
Deferred inflows of resources related to other post-employment benefit obligations	(51,304,957)	
Deferred inflows of resources related to unavailable state aid	<u>155,198</u>	(55,838,274)

Total Net Position	<u><u>\$ (211,352,231)</u></u>
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HERRICKS UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$100,450,657	\$-	\$-	\$-	\$-	\$-	\$100,450,657
Other tax items - including STAR reimbursement	6,438,028						6,438,028
Charges for services	1,282,475			744,367			2,026,842
Use of money and property	1,772,046		6,399	42		51,836	1,830,323
Sale of property and compensation for loss	58,982						58,982
Miscellaneous	396,087	7,020	1,996	54,374	35,000		494,477
State sources	25,455,828	1,520,878	23,642		50,000		27,050,348
Federal sources	111,797	1,302,856	632,497				2,047,150
Surplus food			164,181				164,181
Sales			1,469,177				1,469,177
TOTAL REVENUES	<u>135,965,900</u>	<u>2,830,754</u>	<u>2,297,892</u>	<u>798,783</u>	<u>85,000</u>	<u>51,836</u>	<u>142,030,165</u>
EXPENDITURES							
General support	17,343,314						17,343,314
Instruction	73,116,627	3,315,367		785,359			77,217,353
Pupil transportation	4,739,596						4,739,596
Community service	51,013						51,013
Employee benefits	30,345,417		78,987				30,424,404
Debt service - principal	1,703,631						1,703,631
Debt service - interest	747,791						747,791
Cost of sales			1,904,479				1,904,479
Capital outlay					2,500,895		2,500,895
TOTAL EXPENDITURES	<u>128,047,389</u>	<u>3,315,367</u>	<u>1,983,466</u>	<u>785,359</u>	<u>2,500,895</u>	<u>-</u>	<u>136,632,476</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,918,511</u>	<u>(484,613)</u>	<u>314,426</u>	<u>13,424</u>	<u>(2,415,895)</u>	<u>51,836</u>	<u>5,397,689</u>
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	43,560					10,200	53,760
Proceeds from bond anticipation note					1,545,000		1,545,000
Operating transfers in	15,490	484,613			1,020,000		1,520,103
Operating transfers (out)	(1,504,613)				(15,490)		(1,520,103)
Leases					154,268		154,268
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,445,563)</u>	<u>484,613</u>	<u>-</u>	<u>-</u>	<u>2,703,778</u>	<u>10,200</u>	<u>1,753,028</u>
SPECIAL ITEM (SEE NOTE 21)							
Child Victim's Act legal settlements	5,712,403	-	-	-	-	-	5,712,403
NET CHANGE IN FUND BALANCES	<u>760,545</u>	<u>-</u>	<u>314,426</u>	<u>13,424</u>	<u>287,883</u>	<u>62,036</u>	<u>1,438,314</u>
FUND BALANCES - BEGINNING OF YEAR	<u>26,028,138</u>	<u>-</u>	<u>1,129,047</u>	<u>301,601</u>	<u>(216,529)</u>	<u>493,800</u>	<u>27,736,057</u>
FUND BALANCES - END OF YEAR	<u>\$26,788,683</u>	<u>\$-</u>	<u>\$1,443,473</u>	<u>\$315,025</u>	<u>\$71,354</u>	<u>\$555,836</u>	<u>\$29,174,371</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances \$1,438,314

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Changes in long-term revenue and expenses were as follows:

Increase in accrued interest payable	\$(32,860)	
Increase in Child Victim's Act legal settlements	(40,450,000)	
Amortization of bond premiums	160,744	
Increase in compensated absences payable	(372,767)	
Decrease in workers' compensation claims payable	<u>148,833</u>	(40,546,050)

Changes in the proportionate share of net pension asset/liability, and total other post employment 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.

Employees' retirement system	\$(752,004)	
Teachers' retirement system	(4,626,223)	
Other post-employment benefits	<u>1,930,462</u>	(3,447,765)

Deferred inflows of resources - unavailable revenues - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended was

108,996

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and are expensed as incurred on the Statement

Capital outlays	\$2,989,654	
Depreciation expense	<u>(3,755,282)</u>	(765,628)

Capital outlays to lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities:

Capital lease outlays	\$154,268	
Amortization expense	<u>(98,861)</u>	55,407

Long-Term Debt Differences

Proceeds from long-term liabilities are recorded as an other financing sources in the governmental funds, but it increases long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities.

Proceeds from the issuance of bond anticipation note payable	\$(1,545,000)	
Proceeds from the issuance of leases	<u>(154,268)</u>	(1,699,268)

Repayment of long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities.

Repayment of principal on bond obligations	\$1,610,000	
Repayment of lease obligations	<u>93,631</u>	1,703,631

Change in Net Position \$(43,152,363)

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Herricks 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.

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

B) Joint Venture:

The District is a component district in the Board of Cooperative Educational Services of Nassau County (“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.

BOCES is organized under Section §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of the BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

a corporation (Section §1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §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, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, Section §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:

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 and contributions include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects 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.

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 primarily supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations such as scholarships and donations. 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.

Debt Service Fund: This fund accounts for the accumulation of resources from long-term general obligations of debt.

D) Measurement Focus and Basis of Accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from 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.

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, lease liability, compensated absences payable, workers' compensation claims payable, net pension liabilities, total other post-employment benefits obligation, and claims and judgments, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar:

Real property taxes are levied annually by the Board no later than August 15th and payable on October 1 and April 1. Taxes are collected by the Town of North Hempstead during the period October 1 through November 10, and April 1 through May 10 without penalty and are remitted to the District throughout the fiscal year.

Enforcement:

Uncollected real property taxes are subsequently enforced by Nassau County (the "County"). 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) 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.

G) 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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures 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). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables 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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent items at the date of the financial statements and the reported revenues and expenses/expenditures 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 and intangible lease assets, lease liability, compensated absences payable, workers' compensation claims payable, net pension asset/liabilities, total other post-employment benefits, and other potential contingent liabilities, if applicable.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

J) 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.

K) 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 inventorable items in other funds are recorded as expenses/expenditures at the time of purchase and are considered immaterial in amount.

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

L) Capital Assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

on professional independent third-party information. Donated assets are reported at acquisition value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$15,000	Straight-line	50 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Vehicles	\$5,000	Straight-line	8 years
Land improvements	\$15,000	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, 2024, the District has not recorded any such impairment losses.

M) Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments remaining on the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

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. These amounts are related to pensions and are reported in the District-Wide Statement of Net Position, which are detailed further in Note 14.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to lease receivable, which are reported in the District-Wide Statement of Net Position as well as in the general fund and is detailed further in Note 8. Additionally, the District reports amounts related to pensions and other post-employment benefits obligation reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16, respectively.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

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 liabilities 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. See Note 12 for further detail.

P) Collections in Advance:

Collections in advance arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures or when charges for services monies are received in advance from payers prior to services being rendered by the District, such as prepaid lunch amounts and health insurance billings. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Collections in advance consist of amounts received in advance for summer programs, rent, and group insurance in the general fund; for amounts received in advance for grants in the special aid fund; and for amounts received in advance for meals that have not yet been purchased in the school lunch fund.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Q) 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, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements may require these termination payments to be paid in the form of non-elective contributions to the employee's 403(b) plan.

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 who have obligated themselves to separate from service with the District by June 30th.

R) Other Benefits:

Eligible District employees participate in the New York State 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 Section 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure as the liability for premiums mature (come due for payments). In the District-Wide Financials 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*.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

S) Long-Term Debt:

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

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

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

T) 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 and intangible lease assets (cost less accumulated depreciation or present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of unspent proceeds including any unamortized items such as discounts, premiums, and deferred amount on refunding, if applicable.

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 all other net position that does not meet the definition of the above two classifications and are 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:

- (1) **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. Nonspendable fund balance includes the long-term lease receivable (excess of lease

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

receivable over deferred inflows of resources – leases) in the amount of \$50,455 in the general fund and inventory in the amount of \$42,877 in the school lunch fund.

- (2) **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 reserves as restricted:

Retirement Contribution Reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. A board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Capital Reserve (EL §3651) is used to pay the costs of capital improvements for which the school district may issue bonds pursuant to Local Finance Law. A proposition indicating the purpose, ultimate amount, probable term, and funding source must be approved by the voters. Voter approval is also required before any funds may be expended for the specific purpose for which the reserve was established. Funds may be transferred with voter approval to other funds or the fund may be liquidated if the original purpose for which the fund was established is determined to be no longer needed. Upon liquidation, proceeds must first be applied to any outstanding bonded indebtedness with the remaining, if any, used to reduce the annual tax level. This reserve is accounted for in the general fund.

Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

Repair Reserve (GML §6-d) must be used to pay the cost of repairs to capital improvements or equipment, for which repairs are of a type not recurring annually. The Board 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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

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

Employee Benefit Accrued Liability Reserve (GML§6-p) must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

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

Restricted for Unspent 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Restricted for Debt Service is used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. These restricted funds are accounted for in the debt service fund.

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 in the miscellaneous special revenue 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.

- (3) **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). The District has no committed fund balances as of June 30, 2024.
- (4) **Assigned fund balance** includes amounts that are subject to a purpose constraint that represents an intended use established by the District's Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- (5) **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 unassigned fund balance.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school 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. The District's unassigned fund balance at June 30, 2024 is within the legal limit. See Supplemental Schedule #5 for more information.

The capital projects fund has a deficit unassigned balance of \$654,092. The deficit is the result of the District not yet obtaining permanent financing on capital improvement projects. The deficit unassigned balance should be eliminated once permanent financing is obtained by the District.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fund Balance Classification

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

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

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted or assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U) Future Accounting Pronouncements:

GASB issued Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences by implementing a unified model and amended previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023.

The Statement above is not an all-inclusive list of all future GASB statements impacting the District. The District will evaluate the impact and materiality of the Statement above and implement the provisions as applicable.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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 Balance 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 or financing of intangible lease items in the fund statements and depreciation expense or amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the fund 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 (appropriated) 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) which 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 budget amendments approved by 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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 year are shown on Supplemental Schedule #5, 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 assignments or restrictions 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 Federal Deposit Insurance Company (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 a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A) Uncollateralized;
- B) Collateralized 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 custodian, but not in the District's name.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The District's aggregate bank balances were covered by depository insurance, collateralized with securities held by the District's agent, a third-party financial institution in the District's name, or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash and equivalents represent cash and cash equivalents where use is limited by the legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2024 included \$21,105,857 within the governmental funds for general reserves and amounts restricted for scholarships and donations, capital projects, and debt service.

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 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, 2024, the District was billed \$5,960,811 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,755,162. Financial statements for the BOCES are available from the BOCES administrative office at Nassau Board of Cooperative Educational Services, 71 Clinton Road, P.O. Box 9195, Garden City, NY 11530-9195.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2024, consisted of the following:

General aid	\$4,850
Excess cost aid	564,103
Total General Fund	<u>\$568,953</u>
Special Aid Fund	
State grants	\$585,214
Federal grants	751,911
Total Special Aid Fund	<u>\$1,337,125</u>
School Lunch Fund	
State reimbursements	\$1,405
Federal reimbursements	30,932
Total School Lunch Fund	<u>\$32,337</u>
Capital Projects Fund	
Smart Schools Bond projects	\$155,198
DASNY grant projects	129,531
Total Capital Projects Fund	<u>\$284,729</u>
Total	<u><u>\$2,223,144</u></u>

The capital projects fund receivable amount includes \$155,198 of unavailable revenues, which are recorded as deferred inflows of resources on the balance sheet at June 30, 2024.

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2024 consisted of the following:

Non-resident tuition	\$669,372
District of location - special education	180,278
Tuition billings to other school districts	53,275
BOCES aid	798,805
Interest and penalties on property tax	154,759
Total due from other governments	<u><u>\$1,856,489</u></u>

District management has deemed the amounts to be fully collectible.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 – LEASE RECEIVABLE:

The District recognizes a lease receivable and deferred inflow of resources – leases for agreements whereby the District leases building space to other entities, with interest rates ranging from 1.00% to 4.75%, and annual payment escalations ranging from 2.00% to 4.00%. The lease receivable amount is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized over the life of the lease term.

Principal and interest lease payments received by the District during the 2023-24 fiscal year were \$357,669 and \$41,130, respectively.

Future minimum rental receipts are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$368,202	\$27,349	\$395,551
2026	391,535	11,865	403,400
2027	31,946	2,452	34,398
2028	34,196	886	35,082
	<u>\$825,879</u>	<u>\$42,552</u>	<u>\$868,431</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the fiscal year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Nondepreciable capital assets				
Land	\$1,730,116	\$-	\$-	\$1,730,116
Construction in progress	5,259,842	1,963,035	(5,694,882)	1,527,995
Total nondepreciable capital assets	6,989,958	1,963,035	(5,694,882)	3,258,111
Depreciable capital assets				
Building and building improvements	87,837,100	50,919	5,694,882	93,582,901
Furniture and equipment	3,911,836	314,810	(53,474)	4,173,172
Vehicles	2,466,037	571,841	(237,437)	2,800,441
Land improvements	17,265,338	89,049		17,354,387
Total depreciable capital assets	111,480,311	1,026,619	5,403,971	117,910,901
Less accumulated depreciation:				
Building and building improvements	52,526,332	2,415,780		54,942,112
Furniture and equipment	1,410,565	303,605	(53,474)	1,660,696
Vehicles	1,514,913	207,270	(237,437)	1,484,746
Land improvements	3,454,699	828,627		4,283,326
Total accumulated depreciation	58,906,509	3,755,282	(290,911)	62,370,880
Total depreciable capital assets, net	52,573,802	(2,728,663)	5,694,882	55,540,021
Total capital assets, net	\$59,563,760	\$(765,628)	\$-	\$58,798,132

Depreciation expense was allocated to the following functions:

General support	\$1,031,879
Instruction	2,546,100
Pupil transportation	176,969
School lunch	334
	<u>\$3,755,282</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Furniture and equipment	\$383,390	\$154,268	\$(124,837)	\$412,821
Total intangible lease assets	<u>383,390</u>	<u>154,268</u>	<u>(124,837)</u>	<u>412,821</u>
Less accumulated amortization:				
Furniture and equipment	191,326	98,861	(124,837)	165,350
Total accumulated amortization	<u>191,326</u>	<u>98,861</u>	<u>(124,837)</u>	<u>165,350</u>
 Total intangible lease assets, net	 <u>\$192,064</u>	 <u>\$55,407</u>	 <u>\$-</u>	 <u>\$247,471</u>

Amortization expense of \$98,861 was charged to the governmental functions as instruction.

NOTE 10 - COLLECTIONS IN ADVANCE:

Collections in advance as of June 30, 2024, consisted of:

General Fund	
Summer program	\$73,113
Rent	5,640
Group insurance	56,523
Total General Fund	<u>\$135,276</u>
Special Aid Fund	
Unearned revenues from grants	<u>\$2,854</u>
School Lunch Fund	
Prepaid meals	<u>\$130,804</u>
Total	<u>\$268,934</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$3,020,326	\$124,990	\$15,490	\$1,504,613
Special aid fund	7,020	1,306,276	484,613	-
School lunch fund	-	74,930	-	-
Miscellaneous special revenue fund	124,990	7,020	-	-
Debt service fund	-	1,639,120	-	-
Capital projects fund	-	-	1,020,000	15,490
Totals	<u>\$3,152,336</u>	<u>\$3,152,336</u>	<u>\$1,520,103</u>	<u>\$1,520,103</u>

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 State Supported Section 4201 schools. The District also transferred from the general fund to the capital projects fund to finance capital construction projects.

The District transferred from the capital projects fund to the general fund to return unused funds previously provided by the general fund relating to closed capital projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

NOTE 12 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/21/2024	4.75%	\$-	\$6,000,000	\$(6,000,000)	\$-
BAN	9/20/2024	4.75%	-	1,545,000	-	1,545,000
			<u>\$-</u>	<u>\$7,545,000</u>	<u>\$(6,000,000)</u>	<u>\$1,545,000</u>

The tax anticipation note (TAN) was issued on September 21, 2023, for interim financing of the general fund. Total interest due at maturity was \$213,750 offset by a premium of \$43,560, which resulted in a net interest cost of \$170,190 to the District.

The bond anticipation note (BAN) was issued on September 21, 2023, for interim financing of capital projects. Total interest due at maturity \$73,388 offset by a premium of \$10,200, which resulted in a net interest cost of \$63,188 due from the District at maturity. The amount issued was recorded as long-term liability due and payable after one year as a result of BAN amounts being renewed prior to issuance of financial statements.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 – 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:					
Bonds payable	\$16,425,000	\$-	\$(1,610,000)	\$14,815,000	\$990,000
Bond premium	1,942,322		(160,744)	1,781,578	160,744
	18,367,322	-	(1,770,744)	16,596,578	1,150,744
Other liabilities:					
Child Victim's Act legal settlements (See Note 21)	-	40,450,000	-	40,450,000	40,450,000
Bond anticipation note payable	-	1,545,000	-	1,545,000	-
Lease liability	187,677	154,268	(93,631)	248,314	76,186
Compensated absences payable	8,087,948	408,079	(35,312)	8,460,715	338,429
Workers' compensation claims payable	1,281,826	775,105	(923,938)	1,132,993	-
Net pension liability - proportionate share					
Employees' retirement system	7,168,581		(2,254,840)	4,913,741	-
Teachers' retirement system	6,199,220		(2,598,465)	3,600,755	-
Total other post-employment benefits obligation	214,699,217	12,345,536	(31,081,515)	195,963,238	6,329,452
Total long-term liabilities	<u>\$255,991,791</u>	<u>\$55,677,988</u>	<u>\$(38,758,445)</u>	<u>\$272,911,334</u>	<u>\$48,344,811</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, bond anticipation note payable, lease liability, compensated absences payable, workers' compensation claims payable, net pension liabilities, and total other post-employment benefits obligation. The balance as of June 30, 2024 includes a special item pertaining to Child Victim's Act settlements. See Note 21 for further detail regarding the Child Victim's Act legal settlements.

A) Bonds Payable

Bond payable as of June 30, 2024 was comprised of a construction serial bond issued on August 6, 2020 with a stated interest rate between 2.0% and 5.0%. The bond matures on August 1, 2035. The District had \$14,815,000 outstanding as of June 30, 2024.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$990,000	\$461,550	\$1,451,550
2026	1,045,000	410,675	1,455,675
2027	1,095,000	357,175	1,452,175
2028	1,150,000	301,050	1,451,050
2029	1,210,000	242,050	1,452,050
2030-2034	6,535,000	622,600	7,157,600
2035-2036	2,790,000	56,000	2,846,000
Total	<u>\$14,815,000</u>	<u>\$2,451,100</u>	<u>\$17,266,100</u>

Upon default of the payment of principal and interest on serial bond holders of the District, 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 of the District and apply the amount withheld to the payment of the defaulted principal or interest with respect to serial bonds.

Unissued Debt:

On December 6, 2016, voters approved a bond authorization for a total estimated amount not to exceed \$25,000,000 to finance the construction and renovation of various District buildings and facilities. The District has issued serial bonds and BANs of \$20,720,000 to date, leaving unissued debt of \$4,280,000 at June 30, 2024.

B) Bond Premium

Bond premium, net of accumulated amortization is reported as a component of the related long-term liability. These amounts are being amortized as a component of interest expense on a straight-line basis over the life of the bonds in the District-Wide Financial Statements as follows:

Fiscal Year Ended June 30,	Bond Premium
2025	\$160,744
2026	160,744
2027	160,744
2028	160,744
2029	160,744
2030-2034	803,720
2035-2036	174,138
Total	<u>\$1,781,578</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

C) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District's lease agreements for various copiers and other equipment items have a stated interest rate ranging from 1.00% to 5.41%.

Principal and interest expenditures paid on the District's lease liability amounted to \$93,631 and \$9,153, respectively, for the fiscal year ended June 30, 2024.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

Fiscal Year Ended			
June 30,	Principal	Interest	Total
2025	\$76,186	\$9,381	\$85,567
2026	68,532	6,148	74,680
2027	56,329	3,388	59,717
2028	37,223	1,291	38,514
2029	10,044	134	10,178
	<u>\$248,314</u>	<u>\$20,342</u>	<u>\$268,656</u>

D) Long-Term Interest

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

	Total
Interest paid	\$534,041
Less interest accrued in the prior year	(224,806)
Plus interest accrued in the current year	257,666
Less amortization of bond premium	(160,744)
Total expense	<u>\$406,157</u>

NOTE 14 – PENSION PLANS:

A) Plan Description and Benefits Provided:

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 members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. 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 TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

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 (RSSL). 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.

B) 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 that 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 but 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

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- 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, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that 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 but 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 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2024 for covered payroll was 14.90% for Tiers 3 and 4, 12.90% for Tier 5, and 9.50% 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, 2024, was 9.76% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	ERS	TRS
2024	\$1,572,666	\$5,766,576
2023	\$1,358,824	\$5,982,098
2022	\$1,682,001	\$5,609,214

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation with update procedures used to roll forward the total pension assets/(liability). The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension asset/(liability)	\$(4,913,741)	\$(3,600,755)
District's portion of the Plan's total net pension asset/(liability)	0.0333722%	0.3148660%
Change in proportion since prior measurement date	-0.0000571%	-0.008197%

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$2,323,235 for ERS and pension expense of \$10,392,784 for TRS. At June 30, 2024, 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	\$1,582,712	\$8,730,872	\$133,985	\$21,577
Changes of assumptions	1,857,775	7,752,318	-	1,689,575
Net difference between projected and actual earnings on pension plan investments	-	1,840,634	2,400,336	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	456,751	961,925	34,426	408,616
District's contributions subsequent to the measurement date	485,506	5,766,576	-	-
	<u>\$4,382,744</u>	<u>\$25,052,325</u>	<u>\$2,568,747</u>	<u>\$2,119,768</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	ERS	TRS
Plan year ended:		
2024	\$-	\$1,599,988
2025	(734,006)	(1,767,814)
2026	1,064,201	14,557,112
2027	1,490,309	1,198,810
2028	(492,013)	992,784
Thereafter	-	585,101
	<u>\$1,328,491</u>	<u>\$17,165,981</u>

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
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
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, 2023 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

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 returns, 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

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return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term 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 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:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2024		June 30, 2023	
<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%	4.00%	33%	6.8%
International equity	15%	6.65%	15%	7.6%
Global equity			4%	7.2%
Private equity	10%	7.25%	9%	10.1%
Real estate	9%	4.60%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	3%	5.79%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	23%	1.50%	16%	2.2%
Global bonds			2%	1.6%
High-yield bonds			1%	4.4%
Private debt			2%	6.0%
Real estate debt			6%	3.2%
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 2.90% 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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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% 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			
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (15,449,303)</u>	<u>\$ (4,913,741)</u>	<u>\$ 3,885,639</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (54,841,322)</u>	<u>\$ (3,600,755)</u>	<u>\$ 39,494,778</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension asset/(liability)	\$ (240,696,851)	\$ (138,365,122)
Plan Fiduciary Net Position	<u>225,972,801</u>	<u>137,221,537</u>
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>

Ratio of plan fiduciary net position to the
Employers' total pension liability

93.88%

99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024, represent the

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

projected employer contribution for the period of March 31, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024, amounted to \$485,506.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024, are paid to the System in September, October, and November 2024 through a state aid deduction and remittance to TRS. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024, based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024, amounted to \$6,544,536.

NOTE 15 – 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 by employees for the fiscal year ended June 30, 2024, totaled \$40,312 and \$3,739,023 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2024 totaled \$109,485.

NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), Empire Plan. 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.

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Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 95% of health premiums for retirees and between 0% and 80% of the excess cost of family coverage over individual coverage depending on the coverage selected, date of retirement, and bargaining unit. Upon death of a retiree, the District will only continue the Medicare Part B reimbursement for the surviving spouse or surviving dependent. The District recognizes the cost of the Plan annually as expenditures in the Fund Financial Statements as payments are accrued. For fiscal year 2024, the District contributed an estimated \$6,552,738 to the Plan, including \$6,552,738 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.

Employees Covered by Benefit Terms

At the valuation date of July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	471
Active employees	606
	<u>1,077</u>

Total OPEB Liability:

The District’s total OPEB liability of \$195,963,238 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023, with update procedures used to roll forward the OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	4.00%
Healthcare cost trend rates:	
Pre-65 Medical/retiree contributions	6.25% decreasing each year to an ultimate rate of 4.50% after nine years.
Post-65 Medical	8.80% decreasing each year to an ultimate rate of 4.50% after nine years.

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The discount rate was based on the 20 Year AA Municipal GO Bond Rate Index as of June 28, 2024, per *Fidelity Investments*.

Mortality rates were based on the SOA RP-2014 Total Dataset. Mortality improvements are projected to the valuation date with SOA Scale MP-2021.

B) Changes in the Total OPEB Liability:

Balance at June 30, 2023	\$ 214,699,217
Changes for the fiscal year:	
Service cost	4,100,045
Interest	8,245,491
Changes of benefit terms	
Differences between expected and actual experience	(4,367,852)
Changes in assumptions or other inputs	(20,160,925)
Benefit payments	(6,552,738)
Net changes	(18,735,979)
Balance at June 30, 2024	<u><u>\$ 195,963,238</u></u>

Changes in assumptions or other inputs include changing the discount rate from 3.90% to 4.00% based on the 20-year Municipal GO AA Bond Index as of June 28, 2024, per *Fidelity Investments*.

There were no significant plan changes since the last valuation.

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 (3.00%) or 1-percentage point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	<u><u>\$ 229,487,520</u></u>	<u><u>\$ 195,963,238</u></u>	<u><u>\$ 169,438,488</u></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:

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 166,975,556</u>	<u>\$ 195,963,238</u>	<u>\$ 232,928,292</u>

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$4,622,276. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$-	\$(5,522,401)
Changes of assumptions or other inputs		(45,782,556)
	<u>\$-</u>	<u>\$(51,304,957)</u>

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

Fiscal Year ended June 30:	
2025	\$(10,824,549)
2026	(10,824,548)
2027	(12,584,197)
2028	(16,052,288)
2029	(1,019,375)
	<u>\$(51,304,957)</u>

NOTE 17 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES:

The District expects to appropriate \$1,218,500 from the employees' retirement reserves, which are reported in the June 30, 2024 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2025.

NOTE 18 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$1,150,000 has been appropriated to reduce taxes for the year ending June 30, 2025.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 19 – 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	May 19, 2015	May 21, 2019	
Number of Years to Fund	10	10	
	\$5,000,000	\$10,000,000	
Maximum Funding	(plus interest)	(plus interest)	
General Fund			<u>Total</u>
Funding Provided	\$4,985,653	\$3,169,500	\$8,155,153
Interest Earnings	33,467	132,020	165,487
Use of Reserve	(4,999,927)	(1,208,145)	(6,208,072)
Total General Fund	<u>19,193</u>	<u>2,093,375</u>	<u>2,112,568</u>
Capital Projects Fund			
Funding Provided	4,999,927	1,208,145	6,208,072
Use of Reserve	(4,684,226)	(1,071,742)	(5,755,968)
Total Capital Projects Fund	<u>315,701</u>	<u>136,403</u>	<u>452,104</u>
Balance as of June 30, 2024	<u>\$334,894</u>	<u>\$2,229,778</u>	<u>\$2,564,672</u>

NOTE 20 – RISK MANAGEMENT:

A) General Information:

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 aside from the litigation further detailed in Note 21, have not exceeded commercial insurance coverage for the past three years.

B) Risk Retention:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred by not recorded (IBNR) based on a liability evaluation performed March 31, 2024. As of the valuation date of March 31, 2024, the District has recorded a workers' compensation claims payable for \$1,132,993 (undiscounted). This represents the District's liability for unpaid reported claims and claims which were incurred but not reported prior to the evaluation date. The District has a workers' compensation reserve balance of \$1,903,244. Claims activity for the current and preceding year is summarized below.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>2024</u>	<u>2023</u>
Unpaid claims, beginning of year	\$1,281,826	\$1,281,826
Incurred claims and claim adjustment expenses	775,105	730,490
Claim payments	<u>(923,938)</u>	<u>(730,490)</u>
Unpaid claims, end of year	<u><u>\$1,132,993</u></u>	<u><u>\$1,281,826</u></u>

The District established a self-funded dental benefit program for its employees. The benefit programs administrator, J.J Stanis and Company, Inc., is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. In addition, the District is responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30, 2024. The program is accounted for in the general fund of the District. Dental activity for the current year is summarized below.

	<u>2024</u>
Dental program, beginning of year	\$553,985
Premiums collected	564,768
Dental claims paid during the year	<u>(639,090)</u>
Dental program, end of year	<u><u>\$479,663</u></u>

C) Public Entity Risk Pool:

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of the 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 essentially transferred all related risk to the pool.

NOTE 21 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2024, the District encumbered the following amounts:

General fund	
General support	\$193,443
Instruction	<u>38,784</u>
	<u><u>\$232,227</u></u>

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

School lunch fund

Food service operations	\$28,946
	\$28,946

Capital projects fund

Capital projects	\$195,256
	\$195,256

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:

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the School District Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District, in view of the District's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

As of June 30, 2024, the District has settled twenty-seven (27) out of twenty-eight (28) lawsuits under the Child Victim's Act. In each case, the plaintiff alleged instances of sexual assault by former District employees. The alleged incidents occurred in the 1970's and 1980's and the individuals involved in the claims are not and have not been affiliated with the District for thirty (30) to forty (40) years. The twenty-seven cases have been settled in the amount of \$46,462,403 (excluding amounts covered by insurance) to avoid the inherent risk, expense, and unknown outcome of a trial. The District is funding the settled claims from available funds, the proceeds of bonds or notes of the District and/or a combination of both. The existence of insurance coverage continues to be investigated by the District. Total claims paid out as of June 30, 2024 was \$6,012,403 (inclusive of \$300,000 paid out in the fiscal year ended June 30, 2023). As of October 11, 2024, the District has paid out the remaining \$40,450,000.

As of October 11, 2024, the District has one remaining lawsuit under the Child Victim's Act. This lawsuit went to trial in early 2024 and a jury verdict in favor of the District was made. After the verdict, the plaintiff filed a notice of appeal and also made a motion for the Court to set aside the verdict and order a new trial, which motion the District opposed. The parties are now awaiting a decision. Should the plaintiff be successful, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through budgetary appropriation or through the issuance of bonds or notes.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Special Item:

On the Fund Financial Statements, the District recorded \$5,712,403 as a special item on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds. This amount represents the total legal claims paid during the June 30, 2024 fiscal year. On the District-Wide Financial Statements, the District recorded \$40,450,000 for claims due and payable within one year as a long-term liability on the Statement of Net Position and as a special item on the Statement of Activities.

NOTE 22 - TAX ABATEMENTS:

The District received Payment in Lieu of Tax (PILOT) payments of \$1,970,453 from the County related to the Long Island Power Authority. These PILOTs are not considered tax abatements as the purpose of this agreement was not to abate taxes.

NOTE 23– 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 October 11, 2024 and concluded the following subsequent events have occurred that would require disclosure in the notes to financial statements:

- A) On July 30, 2024, the District issued a bond anticipation note for \$40,000,000 maturing on July 30, 2025, for payment of the settled legal claims. Total interest due at maturity is \$1,600,000 offset by a premium of \$270,000, resulting in a net interest cost of \$1,330,000 to the District.
- B) On September 19, 2024, the District issued a bond anticipation note for \$1,545,000 maturing on July 30, 2025, for interim financing of capital projects funds. Total interest due at maturity is \$50,052 offset by a premium of \$5,755, resulting in a net interest cost of \$44,297 to the District.
- C) On September 19, 2024, the District issued a tax anticipation note of \$6,000,000 maturing on June 20, 2025, for the interim financing of the general fund. Total interest due at maturity is \$180,667 offset by a premium of \$36,120, resulting in a net interest cost of \$144,547 to the District.

SUPPLEMENTARY INFORMATION

**HERRICKS UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<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	\$99,701,725	\$100,450,657	\$100,450,657	\$-
Other tax items	7,365,099	6,616,167	6,438,028	(178,139)
Charges for services	1,290,572	1,290,572	1,282,475	(8,097)
Use of money and property	678,019	678,019	1,772,046	1,094,027
Sale of property and compensation for loss	-	-	58,982	58,982
Miscellaneous	310,000	310,000	396,087	86,087
State sources				
Basic formula	16,378,823	16,378,823	12,914,954	(3,463,869)
Excess cost aid	3,056,579	3,056,579	3,538,871	482,292
BOCES aid	1,738,831	1,738,831	1,755,162	16,331
Lottery aid	3,107,075	3,107,075	6,692,005	3,584,930
Textbook aid	256,591	256,591	254,553	(2,038)
Computer software aid	69,627	69,627	69,343	(284)
Library A/V loan program aid	29,050	29,050	28,931	(119)
Tuition	-	-	149,246	149,246
Computer hardware	52,979	52,979	52,763	(216)
Federal sources				
Medicaid reimbursement	135,000	135,000	111,797	(23,203)
TOTAL REVENUES	<u>134,169,970</u>	<u>134,169,970</u>	<u>135,965,900</u>	<u>1,795,930</u>
Other financing sources				
TAN premium	-	-	43,560	43,560
Transfers from other funds	-	-	15,490	15,490
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>134,169,970</u>	<u>134,169,970</u>	<u>\$136,024,950</u>	<u>\$1,854,980</u>
Appropriated fund balance	550,000	550,000		
Prior year encumbrances	556,585	556,585		
Appropriated reserves	-	3,962,825		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE, AND APPROPRIATED RESERVES	<u>\$135,276,555</u>	<u>\$139,239,380</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.

**HERRICKS UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<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	\$156,050	\$140,219	\$101,867	\$-	\$38,352
Central administration	396,944	425,957	420,190		5,767
Finance	1,428,824	1,435,822	1,334,736	2,037	99,049
Staff	1,434,639	3,173,948	3,034,424		139,524
Central services	12,117,107	11,784,730	11,030,056	191,406	563,268
Special items	3,536,028	1,435,714	1,422,041		13,673
Total General Support	<u>19,069,592</u>	<u>18,396,390</u>	<u>17,343,314</u>	<u>193,443</u>	<u>859,633</u>
Instruction					
Instruction, adm., and imp.	6,018,799	6,185,894	5,950,328	589	234,977
Teaching - regular school	38,670,336	38,066,018	37,252,755	440	812,823
Programs for children with handicapping conditions	20,391,917	20,439,774	19,962,367		477,407
Occupational education	966,372	867,372	835,198	250	31,924
Teaching special schools	9,000	9,030	7,882		1,148
Instructional media	3,369,201	3,300,426	3,127,248	58	173,120
Pupil services	6,126,429	6,356,637	5,980,849	37,447	338,341
Total Instruction	<u>75,552,054</u>	<u>75,225,151</u>	<u>73,116,627</u>	<u>38,784</u>	<u>2,069,740</u>
Pupil Transportation	<u>4,708,315</u>	<u>4,994,310</u>	<u>4,739,596</u>	<u>-</u>	<u>254,714</u>
Community Services	<u>95,566</u>	<u>108,495</u>	<u>51,013</u>	<u>-</u>	<u>57,482</u>
Employee Benefits	<u>31,509,408</u>	<u>30,836,261</u>	<u>30,345,417</u>	<u>-</u>	<u>490,844</u>
Debt Service					
Debt service - principal	1,709,053	1,706,293	1,703,631	-	2,662
Debt service - interest	1,166,283	747,793	747,791	-	2
Total Debt Service	<u>2,875,336</u>	<u>2,454,086</u>	<u>2,451,422</u>	<u>-</u>	<u>2,664</u>
TOTAL EXPENDITURES	<u>133,810,271</u>	<u>132,014,693</u>	<u>128,047,389</u>	<u>232,227</u>	<u>3,735,077</u>
Other Financing Uses					
Transfers to other funds	<u>1,466,284</u>	<u>1,512,284</u>	<u>1,504,613</u>	<u>-</u>	<u>7,671</u>
SPECIAL ITEM (SEE NOTE 21)	<u>-</u>	<u>5,712,403</u>	<u>5,712,403</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES, OTHER FINANCING USES AND SPECIAL ITEM	<u>\$135,276,555</u>	<u>\$139,239,380</u>	<u>135,264,405</u>	<u>\$232,227</u>	<u>\$3,742,748</u>
NET CHANGE IN FUND BALANCE			760,545		
FUND BALANCE - BEGINNING OF YEAR			<u>26,028,138</u>		
FUND BALANCE - END OF YEAR			<u>\$26,788,683</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.

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

	NYSERS Pension Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0333722%	0.0334293%	0.0338608%	0.0333814%	0.0340980%	0.0370693%	0.0398827%	0.0426428%	0.0407754%	0.0409275%
District's proportionate share of the net pension asset/(liability)	\$(4,913,741)	\$(7,168,581)	\$2,767,982	\$(33,239)	\$(9,029,352)	\$(2,626,475)	\$(1,287,193)	\$(4,006,812)	\$(6,544,568)	\$(1,382,632)
District's covered payroll	\$13,375,166	\$11,759,513	\$11,736,748	\$11,715,927	\$11,724,101	\$12,048,290	\$11,992,583	\$12,085,283	\$12,202,642	\$11,626,399
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	36.74%	60.96%	23.58%	0.28%	77.02%	21.80%	10.73%	33.15%	53.63%	11.89%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

	NYSTRS Pension Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.3148660%	0.3230630%	0.3346030%	0.317594%	0.314855%	0.316419%	0.319883%	0.324092%	0.318610%	0.323346%
District's proportionate share of the net pension asset/(liability)	\$(3,600,755)	\$(6,199,220)	\$57,983,487	\$(8,775,970)	\$8,179,955	\$5,721,685	\$2,431,427	\$(3,471,156)	\$33,093,415	\$36,018,752
District's covered payroll	\$58,749,117	\$57,676,205	\$56,792,852	\$53,905,697	\$52,810,804	\$51,898,141	\$51,227,336	\$50,622,659	\$48,489,107	\$48,424,353
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	6.13%	10.75%	102.10%	16.28%	15.49%	11.02%	4.75%	6.86%	68.25%	74.38%
Plan fiduciary net position as a percentage of the total pension liability	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Note to Required Supplementary Information

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

**HERRICKS UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$1,572,666	\$1,358,824	\$1,682,001	\$1,701,898	\$1,645,429	\$1,735,864	\$1,766,134	\$1,783,149	\$1,946,294	\$2,142,100
Contributions in relation to the contractually required contribution	<u>1,572,666</u>	<u>1,358,824</u>	<u>1,682,001</u>	<u>1,701,898</u>	<u>1,645,429</u>	<u>1,735,864</u>	<u>1,766,134</u>	<u>1,783,149</u>	<u>1,946,294</u>	<u>2,142,100</u>
Contribution deficiency (excess)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
District's covered payroll	\$13,366,841	\$12,137,568	\$14,963,578	\$11,791,614	\$11,687,326	\$11,933,990	\$11,997,056	\$12,084,756	\$12,313,760	\$11,585,448
Contributions as a percentage of covered payroll	11.77%	11.20%	11.24%	14.43%	14.08%	14.55%	14.72%	14.76%	15.81%	18.49%
NYSTRS Pension Plan										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$5,766,576	\$5,982,098	\$5,609,214	\$5,412,359	\$4,776,045	\$5,581,280	\$5,051,024	\$5,940,971	\$6,631,403	\$8,388,786
Contributions in relation to the contractually required contribution	<u>5,766,576</u>	<u>5,982,098</u>	<u>5,609,214</u>	<u>5,412,359</u>	<u>4,776,045</u>	<u>5,581,280</u>	<u>5,051,024</u>	<u>5,940,971</u>	<u>6,631,403</u>	<u>8,388,786</u>
Contribution deficiency (excess)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
District's covered payroll	\$59,567,038	\$58,749,117	\$57,676,205	\$56,792,852	\$53,905,697	\$52,810,804	\$51,898,141	\$51,227,336	\$50,622,659	\$48,489,107
Contributions as a percentage of covered payroll	9.68%	10.18%	9.73%	9.53%	8.86%	10.57%	9.73%	11.60%	13.10%	17.30%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$4,100,045	\$6,646,382	\$11,203,027	\$9,521,622	\$7,319,940	\$7,575,008	\$7,214,293
Interest	8,245,491	7,786,825	5,143,310	5,675,896	6,700,027	6,777,167	6,532,601
Changes of benefit terms	-	-	-	-	(705,913)	-	-
Differences between expected and actual experience	(4,367,852)	-	(6,158,459)	-	5,218,495	-	-
Changes of assumptions or other inputs	(20,160,925)	(7,135,643)	(64,731,654)	24,276,660	7,099,056	18,607,724	-
Benefit payments	<u>(6,552,738)</u>	<u>(6,106,165)</u>	<u>(5,297,909)</u>	<u>(5,240,707)</u>	<u>(5,290,924)</u>	<u>(4,878,401)</u>	<u>(4,514,188)</u>
Net change in total OPEB liability	<u>(18,735,979)</u>	<u>1,191,399</u>	<u>(59,841,685)</u>	<u>34,233,471</u>	<u>20,340,681</u>	<u>28,081,498</u>	<u>9,232,706</u>
Total OPEB liability - beginning	<u>214,699,217</u>	<u>213,507,818</u>	<u>273,349,503</u>	<u>239,116,032</u>	<u>218,775,351</u>	<u>190,693,853</u>	<u>181,461,147</u>
Total OPEB liability - ending	<u><u>\$195,963,238</u></u>	<u><u>\$214,699,217</u></u>	<u><u>\$213,507,818</u></u>	<u><u>\$273,349,503</u></u>	<u><u>\$239,116,032</u></u>	<u><u>\$218,775,351</u></u>	<u><u>\$190,693,853</u></u>
 Covered-employee payroll	 \$65,056,244	 \$61,588,171	 \$61,588,171	 \$61,512,392	 \$61,512,392	 \$59,484,884	 \$58,367,948
 Total OPEB liability as a percentage of covered-employee payroll	 301.22%	 348.60%	 346.67%	 444.38%	 388.73%	 367.78%	 326.71%
 Discount rate	 4.00%	 3.90%	 3.70%	 1.90%	 2.40%	 3.10%	 3.60%

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.

This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**HERRICKS UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2024**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$134,719,970
Add:		
Prior year's encumbrances		<u>556,585</u>
Original Budget		135,276,555
Budget revisions:		
Child Victim's Act legal settlements	\$3,613,000	
Emergency bus purchase	314,514	
Use of employee benefit accrued liability reserve	<u>35,311</u>	<u>3,962,825</u>
Final Budget		<u><u>\$139,239,380</u></u>

SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION

Next year's voter approved budget		<u><u>\$141,710,364</u></u>
Maximum allowed (4% of 2024-2025 budget)		<u><u>\$5,668,415</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$1,382,227	
Unassigned fund balance	<u>5,587,524</u>	
Total unrestricted fund balance		6,969,751
Less:		
Appropriated fund balance	\$1,150,000	
Encumbrances included in assigned fund balance	<u>232,227</u>	
Total adjustments		<u>1,382,227</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$5,587,524</u></u>
Actual percentage		3.94%

**HERRICKS UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2024**

	Project #	Current	Expenditures and Obligations to Date				Unexpended Balance	Methods of Financing					Fund
		Appropriation	Prior Year's	Current Year	Transfers Out	Total		Proceeds of Obligations	State Aid	Capital Reserve	Local Sources	Total	Balance June 30, 2024
<u>Bond 2016 (approved December 6, 2016):</u>													
SRA Window (PHIII)	0110	\$84,500	\$2,423	\$9,915	\$-	\$12,338	\$72,162	\$84,500	\$-	\$-	\$-	\$84,500	\$72,162
Center St Inte Wall Imp (PHIII)	0224	219,266	205,768	-	-	205,768	13,498	219,266	-	-	-	219,266	13,498
Denton Ave Inte Wall Imp (PHIII)	0322	207,034	97,279	96,373	-	193,652	13,382	207,034	-	-	-	207,034	13,382
Searingtown Inte Wall Imp (PHIII)	0526	180,498	156,934	-	-	156,934	23,564	180,498	-	-	-	180,498	23,564
HS Inte Wall Imp (PHIII)	0839	97,652	2,278	-	-	2,278	95,374	97,652	-	-	-	97,652	95,374
Center St Ventilation and Electric Improvments	0221	79,606	75,087	-	-	75,087	4,519	75,087	-	-	-	75,087	-
HS Fitness Center	0840	3,665,800	3,610,239	199	-	3,610,438	55,362	3,665,800	-	-	-	3,665,800	55,362
Localized Masonry													
SRA	0111	-	5,466	140,092	-	145,558	(145,558)	145,558	-	-	-	145,558	-
Center St	0226	204,044	289,617	26,060	-	315,677	(111,633)	315,677	-	-	-	315,677	-
Denton Ave	0324	277,748	274,819	21,491	-	296,310	(18,562)	296,310	-	-	-	296,310	-
Searingtown	0528	328,953	200,047	10,352	-	210,399	118,554	210,399	-	-	-	210,399	-
High School	0841	41,595	-	41,595	-	41,595	-	-	-	-	-	-	(41,595) *
Middle School	1126	58,635	-	58,635	-	58,635	-	-	-	-	-	-	(58,635) *
Community Center	0708	584,896	20,746	558,430	-	579,176	5,720	577,056	-	-	-	577,056	(2,120) *
HS Generator (PH V)		545,000	298,627	145,289	-	443,916	101,084	23,475	-	-	-	23,475	(420,441) *
Bond 2016 Total		6,575,227	5,239,330	1,108,431	-	6,347,761	227,466	6,098,312	-	-	-	6,098,312	(249,449)
<u>Capital Reserve (CR) 2014-15:</u>													
Selective Interior Doors & Hardware													
SRA	0108	33,728	33,406	-	-	33,406	322	-	-	33,728	-	33,728	322
Center St	0220	121,728	98,592	-	-	98,592	23,136	-	-	121,728	-	121,728	23,136
Denton Ave	0319	119,340	101,870	-	-	101,870	17,470	-	-	119,340	-	119,340	17,470
Searingtown	0522	164,823	109,583	-	-	109,583	55,240	-	-	164,823	-	164,823	55,240
Community Ctr	0705	134,730	98,462	-	-	98,462	36,268	-	-	134,730	-	134,730	36,268
HS	0833	241,296	217,906	-	-	217,906	23,390	-	-	241,296	-	241,296	23,390
MS	1122	206,453	147,620	-	-	147,620	58,833	-	-	206,453	-	206,453	58,833
Site Improvements													
SRA	0109	176,574	171,945	-	-	171,945	4,629	-	-	176,574	-	176,574	4,629
Center St	0221	377,592	377,592	-	-	377,592	-	-	-	377,592	-	377,592	-
Denton Ave	0320	388,166	379,712	-	-	379,712	8,454	-	-	388,166	-	388,166	8,454
Searingtown	0523	327,486	326,438	-	-	326,438	1,048	-	-	327,486	-	327,486	1,048
CR 14-15 Site Improvements and Masonry Middle School	1126	993,714	1,245,895	-	-	1,245,895	(252,181)	-	-	993,714	-	993,714	(252,181) *
CR 14-15 Site Improvements and Masonry High School	0841	1,714,297	1,375,205	-	-	1,375,205	339,092	-	-	1,714,297	-	1,714,297	339,092
CR 2019 HS Auditorium	0843	1,208,145	1,033,686	38,056	-	1,071,742	136,403	-	-	1,208,145	-	1,208,145	136,403
Bond 2016 & Capital Reserve 2014-15 Total		6,208,072	5,717,912	38,056	-	5,755,968	452,104	-	-	6,208,072	-	6,208,072	452,104
Budgetary Apprpr 22/23 - HS Library		776,250	750,719	12,016	15,187	777,922	(1,672)	-	-	-	776,250	776,250	(1,672)
DASNY Proj 23880 HS VE Classroom Renovation		50,000	46,202	3,798	-	50,000	-	-	50,000	-	-	50,000	-
Districtwide Renovations		1,055,000	-	1,029,128	303	1,029,431	25,569	-	-	-	1,055,000	1,055,000	25,569
Smart Schools Bond Act - Technology		966,909	129,531	155,198	-	284,729	682,180	-	129,531	-	-	129,531	(155,198) **
Leases - 2023-2024		154,268	-	154,268	-	154,268	-	154,268	-	-	-	154,268	-
Budgetary Appropriation Total		3,002,427	926,452	1,354,408	15,490	2,296,350	706,077	154,268	179,531	-	1,831,250	2,165,049	(131,301)
TOTAL		\$15,785,726	\$11,883,694	\$2,500,895	\$15,490	\$14,400,079	\$1,385,647	\$6,252,580	\$179,531	\$6,208,072	\$1,831,250	\$14,471,433	\$71,354

* The deficit will be eliminated when permanent financing is received.

** The deficit will be eliminated once grant funding is received.

**HERRICKS UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Capital assets, net		\$58,798,132
Intangible lease assets, net		247,471
Deduct:		
Accounts payable	\$2,059	
Bond anticipation note payable	1,545,000	
Short-term portion of bonds payable, inclusive of unamortized premium	1,150,744	
Long-term portion of bonds payable, inclusive of unamortized premium	15,445,834	
Less: Unspent bond proceeds	(273,342)	
Short-term portion of lease liabilities	76,186	
Long-term portion of lease liabilities	172,128	(18,118,609)
Net investment in capital assets		<u><u>\$40,926,994</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
Herricks 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 and each major fund of the Herricks Union Free School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2024.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

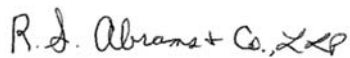
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 11, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Education
Herricks Union Free School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Herricks Union Free School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



R.S. Abrams & Co., LLP
Islandia, New York
October 11, 2024

**HERRICKS UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing Number (ALN)	Agency or Pass-through Number	Program Expenditures	Total Expenditures by ALN
<u>U.S. Department of Education</u>				
<u>Passed-through NYS Education Department:</u>				
COVID-19 Special Education - Grants to States (IDEA, Part B)	84.027X	5532-22-0453	\$411	
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0453	<u>1,027,174</u>	\$1,027,585
COVID-19 Special Education - Preschool Grants (IDEA Preschool)	84.173X	5533-22-0453	\$381	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0453	<u>21,942</u>	22,323
Total Special Education Cluster			<u>\$1,049,908</u>	
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-24-1655	<u>\$133,524</u>	133,524
Supporting Effective Instruction State Grant	84.367	0147-23-1655	\$1,624	
Supporting Effective Instruction State Grant	84.367	0147-24-1655	<u>28,661</u>	30,285
English Language Acquisition State Grants	84.365	0293-23-1655	\$15,230	
English Language Acquisition State Grants	84.365	0293-24-1655	<u>17,599</u>	32,829
Student Support and Academic Enrichment Grants	84.424	0204-24-1655	<u>\$10,083</u>	10,083
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5891-21-1655	\$9,495	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5880-21-1655	<u>36,732</u>	46,227
Total Education Stabilization Fund			<u>\$46,227</u>	
Total U.S. Department of Education				<u>\$1,302,856</u>
<u>U.S. Department of Agriculture</u>				
<u>Passed-through NYS Education Department:</u>				
National School Lunch Program (Cash Assistance)	10.555	N/A	\$625,832	
National School Lunch Program (Non-Cash Food Distribution)	10.555	N/A	<u>164,181</u>	790,013
Total Child Nutrition Cluster			<u>\$790,013</u>	
Child Nutrition Discretionary Grants Limited Availability	10.579	5805-23-0054	<u>\$6,665</u>	6,665
Total U.S. Department of Agriculture				<u>\$796,678</u>
Total Federal Awards Expended				<u>\$2,099,534</u>

HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Herricks Union Free School District (the "District") under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. Pass-through entity identifying numbers are presented where available.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

3. INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**HERRICKS UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion(s) issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____yes x no

Significant deficiencies identified that are not
considered to be material weakness(es)? _____yes x none reported

Noncompliance material to financial statements noted? _____yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____yes x no

Significant deficiencies identified that are not
considered to be material weakness(es)? _____yes x none reported

Type of auditor's opinion(s) issued on compliance for
major programs: *Unmodified*

Any audit findings disclosed that are required to be reported
in accordance with the 2 CFR 200.516(a)? _____yes x no

Identification of major programs:

<u>Name of federal program</u>	<u>Assistance Listing Number(s)</u>
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Child Nutrition Cluster	10.555
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Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as low risk?	_____x_____yes _____No
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**HERRICKS UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART II FINANCIAL STATEMENT FINDINGS

There are no financial statements findings to be reported.

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings and questioned costs to be reported.

**HERRICKS UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

There were no prior year findings or questioned costs.

**HERRICKS UNION FREE SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

A corrective action plan for the fiscal year ended June 30, 2024 is not required.