

**HERRICKS UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**HERRICKS UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT, MANAGEMENT’S DISCUSSION AND ANALYSIS, AND BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report	2 – 4
Management’s Discussion and Analysis (Required Supplementary Information) (MD&A)	5 – 21
Statement of Net Position	22
Statement of Activities	23
Balance Sheet – Governmental Funds	24
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	27
Notes to Financial Statements	28 – 67
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	68 – 69
Schedule of District’s Proportionate Share of the Net Pension Asset/(Liability)	70
Schedule of District’s Pension Contributions	71
Schedule of Changes in District’s Total OPEB Liability and Related Ratios	72
 OTHER SUPPLEMENTARY INFORMATION	
Schedule of Change from Adopted Budget to Final Budget – General Fund and Section 1318 of Real Property Tax Law Limit Calculation	73
Schedule of Project Expenditures - Capital Projects Fund	74
Schedule of Net Investment in Capital Assets	75
 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	
	76 – 77

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 fiscal year ended June 30, 2025, 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, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of 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 21 and 68 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025, 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 10, 2025

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025. 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 fiscal year are discussed in comparison with the prior fiscal year, with an emphasis placed on the current fiscal 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 \$193,761,158, which is a decrease in the deficit of \$17,591,073 from the prior fiscal year, based on the accrual basis of accounting.
- On the District-Wide Financial Statements, revenues totaled \$147,997,392. This is an increase of \$5,804,472, or 4.08%, over the prior fiscal year. Expenses (excluding the special item) totaled \$129,893,232, which is a decrease of \$9,289,648, or 6.67%, from the prior fiscal year.
- The general fund’s total fund balance, as reflected in the Fund Financial Statements, increased by \$3,189,311 to \$29,977,994 as of June 30, 2025 based on the modified accrual basis of accounting.
- The proposed 2025-2026 budget in the amount of \$144,543,210 was authorized by the District’s residents. The tax levy associated with this budget was within the New York State property tax cap limit.
- The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101), effective July 1, 2024. See the accompanying notes to financial statements for additional information regarding the effects of the change in accounting principle.
- 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 authorized but unissued debt of \$4,280,000 at June 30, 2025.
- On the Fund Financial Statements, the District recorded \$40,450,000 as a special item on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. This amount represents the total legal claims paid for Child Victim’s Act settlements during the fiscal year ended June 30, 2025. See the accompanying notes to financial statements for further information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

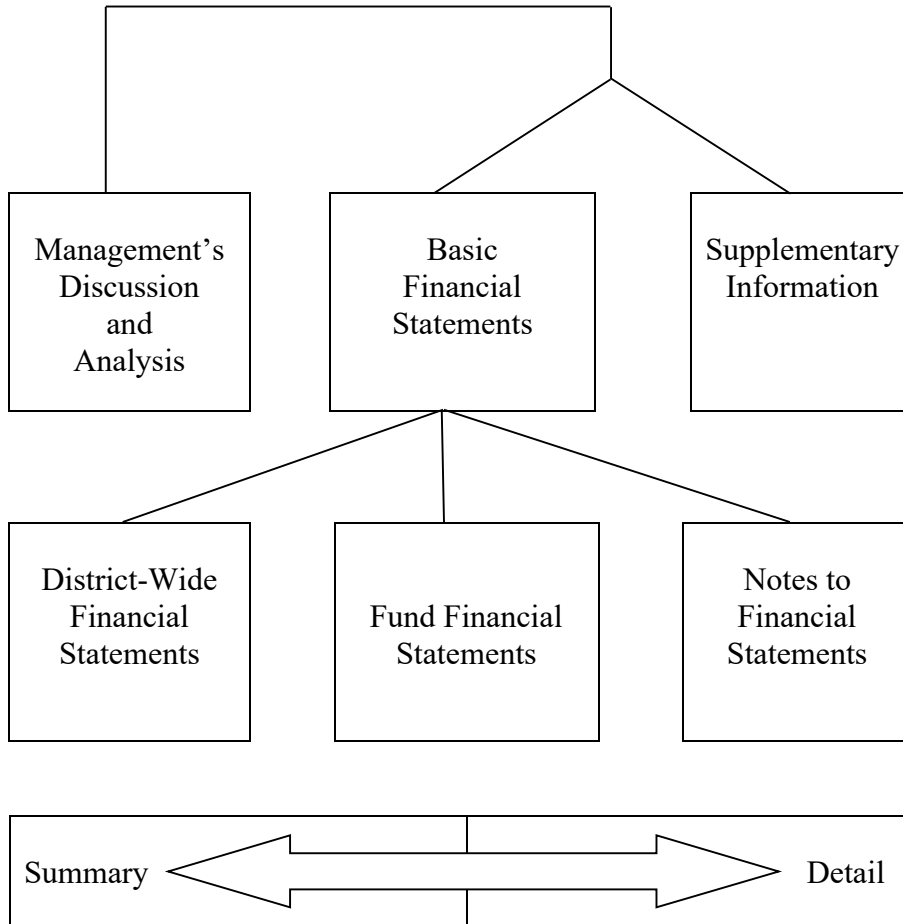
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- 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 Financial Statements.
 - The *Fund Financial 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.

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 fiscal 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, 2025**

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	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
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 fiscal 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 fiscal year; regardless of when cash is received or paid	Revenues for which cash is received during the fiscal year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A) District-Wide Financial 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 fiscal 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, 2025**

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 the District-Wide Financial Statements 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, 2025**

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 Fund Financial 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 Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, 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

See the Table below for a comparison of the Statement of Net Position as of June 30, 2025 and 2024. The balances presented as of June 30, 2025 include the effects of the implementation of GASB Statement No. 101. The balances presented as of June 30, 2024 reflect the balances as previously reported and do not reflect the effects of the change in accounting principle.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Condensed Statement of Net Position – Governmental Activities

	Fiscal Year 2025	Fiscal Year 2024	Change	Total Percentage Change
Current assets	\$ 52,091,532	\$ 41,808,188	\$ 10,283,344	24.60%
Noncurrent assets	66,954,943	59,871,482	7,083,461	11.83%
Total Assets	119,046,475	101,679,670	17,366,805	17.08%
Deferred outflows of resources	25,426,997	29,435,069	(4,008,072)	(13.62%)
Total Assets and Deferred Outflows	<u>144,473,472</u>	<u>131,114,739</u>	<u>13,358,733</u>	10.19%
Current liabilities	18,855,325	12,786,741	6,068,584	47.46%
Long-term liabilities	248,991,711	272,911,334	(23,919,623)	(8.76%)
Total Liabilities	267,847,036	285,698,075	(17,851,039)	(6.25%)
Deferred inflows of resources	70,387,594	56,768,895	13,618,699	23.99%
Total Liabilities and Deferred Inflows	<u>338,234,630</u>	<u>342,466,970</u>	<u>(4,232,340)</u>	(1.24%)
Net Position (Deficit)				
Net investment in capital assets	40,023,429	40,926,994	(903,565)	(2.21%)
Restricted	32,225,782	20,832,515	11,393,267	54.69%
Unrestricted (deficit)	(266,010,369)	(273,111,740)	7,101,371	(2.60%)
Total Net Position (Deficit)	<u>\$ (193,761,158)</u>	<u>\$ (211,352,231)</u>	<u>\$ 17,591,073</u>	(8.32%)
Net position (deficit), beginning of year, as previously reported		\$ (211,352,231)		
Change in accounting principle		<u>(513,087)</u>		
Net position (deficit), beginning of year, as restated		<u>\$ (211,865,318)</u>		

Current assets and other assets increased by \$10,283,344, primarily due to increases in cash and cash equivalents, taxes receivable, due from state and federal, and due from other governments.

Noncurrent assets increased by \$7,083,461, or 11.83%, primarily as a result of changes in the actuarial valuation for the Teachers’ Retirement System pension plan was a net pension liability in the prior fiscal year and is now a net pension asset in the current fiscal year.

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 further in the accompanying notes to financial statements.

Current liabilities increased by \$6,068,584, or 47.46%. This increase was primarily attributable to increases in accounts payable, due to teachers’ retirement system, bond anticipation note payable, accrued interest payable, and collections in advance.

Long-term liabilities decreased by \$23,919,623, or 8.76%, primarily due to decreases for Child Victims Act legal settlements, net pension liability - proportionate share - teachers’ retirement system, and total other post-employment benefits obligation (see the accompanying notes for further

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

information). Of note, the compensated absences payable balance included within the long-term liabilities balance as of June 30, 2025 includes the effects of the changes in accounting principle in connection with the implementation of GASB Statement No. 101.

The changes in deferred inflows of resources relate to leases, amortization of pension related items, and inflows related to other post-employment benefits, as further described in the accompanying notes to financial statements.

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, building and building improvements, furniture and equipment, vehicles, and land improvements, net of accumulated depreciation, amortization, related debt, and capital-related accounts payable. This amount decreased by \$903,565, or 2.21%.

The restricted net position at June 30, 2025 increased due to an increase in the District’s reserves during the fiscal year, as detailed further in this analysis, as well as the results of the actuarial valuation for the Teachers’ Retirement System pension plan, which is reported as a net pension asset as of June 30, 2025.

The unrestricted net deficit relates to the balance of the District’s net position. This deficit amount of \$266,010,369 is a decrease of \$7,101,371, or 2.60%, from the prior year deficit. Of note, the unrestricted deficit balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. The activity for fiscal year 2025 reflects the effects of the implementation of GASB Statement No. 101 as detailed in the accompanying notes to financial statements. A summary of the results of operations for the fiscal years ended June 30, 2025 and 2024, is as follows:

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Change in Net Position from Operating Results - Governmental Activities Only

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 3,773,290	\$ 3,496,019	\$ 277,271	7.93%
Operating grants and contributions	4,097,220	3,698,428	398,792	10.78%
Capital grants	583,996	193,995	390,001	201.04%
General Revenues				
Real property taxes and other tax items	109,515,371	106,888,685	2,626,686	2.46%
Use of money and property	1,764,546	1,830,323	(65,777)	(3.59%)
Other	842,360	629,642	212,718	33.78%
State sources	27,420,609	25,455,828	1,964,781	7.72%
Total Revenues	<u>147,997,392</u>	<u>142,192,920</u>	<u>5,804,472</u>	<u>4.08%</u>
Expenses				
General support	19,100,385	21,217,910	(2,117,525)	(9.98%)
Instruction	101,206,280	110,160,075	(8,953,795)	(8.13%)
Pupil transportation	5,313,785	5,141,534	172,251	3.35%
Community services	59,673	72,703	(13,030)	(17.92%)
Debt service - interest	2,005,016	619,907	1,385,109	223.44%
Food service program	2,208,093	1,970,751	237,342	12.04%
Total Expenses	<u>129,893,232</u>	<u>139,182,880</u>	<u>(9,289,648)</u>	<u>(6.67%)</u>
Special Item*	<u>-</u>	<u>46,162,403</u>	<u>(46,162,403)</u>	<u>(100.00%)</u>
Total Change in Net Position	<u>\$ 18,104,160</u>	<u>\$ (43,152,363)</u>	<u>\$ 15,094,120</u>	<u>(34.98%)</u>

*See accompanying notes to financial statements for further information on the special item recorded in the fiscal year 2024 financial statements.

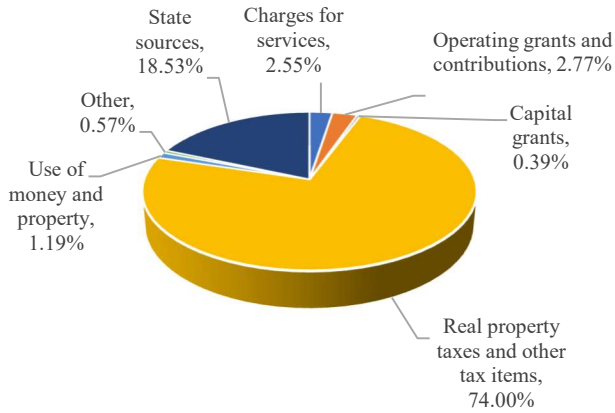
The District's total fiscal year 2025 revenues totaled \$147,997,392. This is an increase of \$5,804,472, or 4.08% over the prior fiscal year. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 74.00% and 18.53%, respectively, of total 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 totaled \$129,893,232 for fiscal year 2025. This is a decrease of \$9,289,648, or 6.67%, from the prior fiscal year. These expenses (excluding the special item) were predominantly related to instruction and general support, which account for 77.91% and 14.70% of District expenses, respectively. Expenses (excluding the special item) decreased primarily due to actuarially determined expenses for pension and other post-employment benefits.

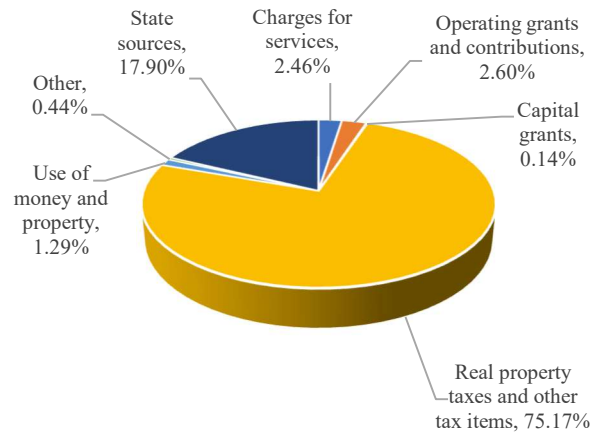
The users of the District's programs financed \$3,773,290 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$4,097,220 and capital grants of \$583,996.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

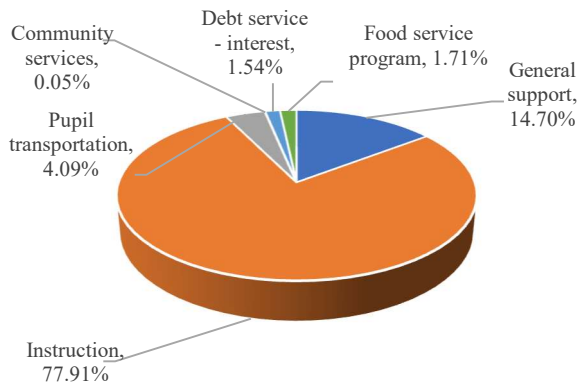
Revenues for Fiscal Year 2025



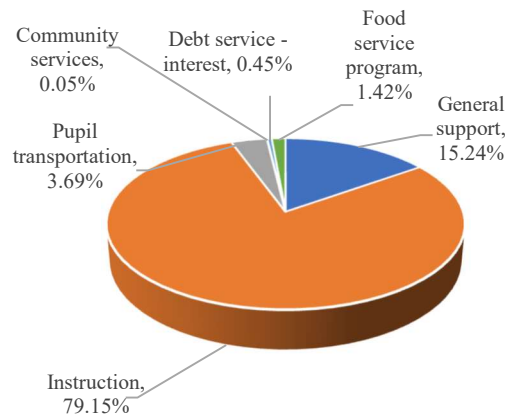
Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2025



Expenses for Fiscal Year 2024



4. FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Variations between fiscal years for the Fund Financial Statements are not the same as variations between fiscal 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, 2025, the District’s combined governmental funds reported a total fund balance of \$34,388,349, which is an increase of \$5,213,978 from the prior fiscal year.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A summary of the changes in fund balance for all funds for the fiscal years ended June 30, 2025 and 2024, is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable	\$ 39,922	\$ 50,455	\$ (10,533)	(20.88%)
Restricted:				
Employees' retirement system	7,068,134	8,036,415	(968,281)	(12.05%)
Teachers' retirement system	6,006,835	5,808,928	197,907	3.41%
Capital	2,042,016	2,112,568	(70,552)	(3.34%)
Repairs	3,068	2,963	105	3.54%
Insurance	1,174,707	586,375	588,332	100.33%
Employee benefit accrued liability	1,165,046	1,201,354	(36,308)	(3.02%)
Workers' compensation	2,093,084	1,903,244	189,840	9.97%
Unemployment insurance	120,623	116,630	3,993	3.42%
Assigned:				
Appropriated for subsequent year's expenditures	1,700,000	1,150,000	550,000	47.83%
Encumbrances	532,832	232,227	300,605	129.44%
Unassigned:				
Unassigned	8,031,727	5,587,524	2,444,203	43.74%
Total Fund Balance - General Fund	<u>\$ 29,977,994</u>	<u>\$ 26,788,683</u>	<u>\$ 3,189,311</u>	11.91%
School Lunch Fund				
Nonspendable	\$ 27,313	\$ 42,877	\$ (15,564)	(36.30%)
Assigned - unappropriated	1,458,776	1,400,596	58,180	4.15%
Total Fund Balance - School Lunch Fund	<u>\$ 1,486,089</u>	<u>\$ 1,443,473</u>	<u>\$ 42,616</u>	2.95%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	\$ 51,757	\$ 56,098	\$ (4,341)	(7.74%)
Assigned - unappropriated	226,458	258,927	(32,469)	(12.54%)
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 278,215</u>	<u>\$ 315,025</u>	<u>\$ (36,810)</u>	(11.68%)
Capital Projects Fund				
Restricted:				
Capital	\$ 2,382,473	\$ 452,104	\$ 1,930,369	426.97%
Unspent bond proceeds	-	273,342	(273,342)	(100.00%)
Unassigned deficit	(621,870)	(654,092)	32,222	(4.93%)
Total Fund Balance - Capital Projects Fund	<u>\$ 1,760,603</u>	<u>\$ 71,354</u>	<u>\$ 1,689,249</u>	2367.42%
Debt Service Fund				
Restricted for debt service	<u>\$ 885,448</u>	<u>\$ 555,836</u>	<u>\$ 329,612</u>	59.30%
Total Fund Balance - All Funds	<u>\$ 34,388,349</u>	<u>\$ 29,174,371</u>	<u>\$ 5,213,978</u>	17.87%

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) General Fund

The net change in fund balance within the general fund is an increase of \$3,189,311, as a result of revenues and other financing sources of \$177,971,707 exceeding expenditures, other financing uses, and special item of \$174,782,396.

A summary of changes in revenues, other financing sources, expenditures, other financing uses, and special item for the general fund for the fiscal years ended June 30, 2025 and 2024, is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$ 103,787,347	\$ 100,450,657	\$ 3,336,690	3.32%
Other tax items	5,728,024	6,438,028	(710,004)	(11.03%)
Charges for services	1,752,933	1,282,475	470,458	36.68%
Use of money and property	1,699,156	1,772,046	(72,890)	(4.11%)
Sale of property and compensation for loss	8,831	58,982	(50,151)	(85.03%)
Miscellaneous	398,343	396,087	2,256	0.57%
State sources	27,420,609	25,455,828	1,964,781	7.72%
Federal sources	98,328	111,797	(13,469)	(12.05%)
Total Revenues	<u>140,893,571</u>	<u>135,965,900</u>	<u>4,927,671</u>	3.62%
Other Financing Sources				
Premiums on obligations	36,120	43,560	(7,440)	(17.08%)
Proceeds from bond anticipation note	37,000,000	-	37,000,000	100.00%
Operating transfers in	42,016	15,490	26,526	171.25%
Total Other Financing Sources	<u>37,078,136</u>	<u>59,050</u>	<u>37,019,086</u>	62691.09%
Expenditures				
General support	16,457,712	17,343,314	(885,602)	(5.11%)
Instruction	75,652,924	73,116,627	2,536,297	3.47%
Pupil transportation	5,156,585	4,739,596	416,989	8.80%
Community services	47,452	51,013	(3,561)	(6.98%)
Employee benefits	31,736,112	30,345,417	1,390,695	4.58%
Debt service - principal	1,081,534	1,703,631	(622,097)	(36.52%)
Debt service - interest	727,210	747,791	(20,581)	(2.75%)
Total Expenditures	<u>130,859,529</u>	<u>128,047,389</u>	<u>2,812,140</u>	2.20%
Other Financing Uses				
Operating transfers out	3,472,867	1,504,613	1,968,254	130.81%
Total Other Financing Uses	<u>3,472,867</u>	<u>1,504,613</u>	<u>1,968,254</u>	130.81%
Special Item	<u>40,450,000</u>	<u>5,712,403</u>	<u>34,737,597</u>	608.11%
Net Change in Fund Balances	<u>\$ 3,189,311</u>	<u>\$ 760,545</u>	<u>\$ 2,428,766</u>	319.35%

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- Real property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 voter approved budget.
- Revenues from state sources increased due to more general state and lottery aid received in the current fiscal year.

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

- Increases in instruction due to staff salary increases and pupil service expenditures.
- Employee benefits increased due to higher premium costs for health insurance.
- Other financing uses increased when compared to the prior fiscal year, primarily due to increased transfers to the capital projects fund, partially offset by a decrease in transfers to the special aid fund.

The following is a summary of the general fund’s restricted fund balance activity for the fiscal year ended June 30, 2025:

	Beginning Balance	Funding	Interest	Use	Ending Balance
Employees' retirement system	\$ 8,036,415	\$ -	\$ 250,219	\$ 1,218,500	\$ 7,068,134
Teachers' retirement system	5,808,928		197,907		6,006,835
Capital	2,112,568	2,042,016	54,432	2,167,000	2,042,016
Repairs	2,963		105		3,068
Insurance	586,375	568,352	19,980		1,174,707
Employee benefit accrued liability	1,201,354		40,925	77,233	1,165,046
Workers' compensation	1,903,244	125,000	64,840		2,093,084
Unemployment insurance	116,630		3,993		120,623
Total Restricted Fund Balance	<u>\$ 19,768,477</u>	<u>\$ 2,735,368</u>	<u>\$ 632,401</u>	<u>\$ 3,462,733</u>	<u>\$ 19,673,513</u>

B) Special Aid Fund

The fund balance in the special aid fund remained at \$0, as revenues and expenditures are recognized in equal amounts each year. Expenditures consist primarily of reimbursable grant programs, as well as a transfer from the general fund for the District’s share of costs for the summer program for students with disabilities. Revenues and expenditures increased during the fiscal year, driven primarily by higher state grant allocations resulting from budgetary increases at the state level, as well as greater student participation in eligible programs.

C) School Lunch Fund

The increase in the total fund balance of the school lunch fund of \$42,616 is attributable to revenues exceeding expenditures.

D) Miscellaneous Special Revenue Fund

The decrease of \$36,810 in fund balance in the miscellaneous special revenue fund is due to expenditures in excess of revenues for scholarships and donations and extraclassroom activities.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

E) Capital Projects Fund

The increase in the capital projects fund balance of \$1,689,249, is primarily a result of revenues and other financing sources exceeding capital outlays and other financing uses.

F) Debt Service Fund

The increase in the debt service fund balance of \$329,612 is due to interest earnings and premiums on obligations.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2024-2025 Budget

The District’s general fund adopted budget for the fiscal year ended June 30, 2025 was \$141,710,364. This amount was increased by encumbrances carried forward from the prior year in the amount of \$232,227, budget revisions for legal settlements, voter approved appropriation of capital reserve, and appropriation of employee benefit accrued liability reserve of \$77,233, which resulted in a final budget of \$184,186,824. The majority of the funding was real property taxes and other tax items of \$109,298,044.

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 fiscal years’ excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent fiscal 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 fiscal year compared to budget are as follows:

Opening, unassigned fund balance	\$ 5,587,524
Revenues and other financing sources under budget	(1,370,157)
Expenditures, other financing uses, special item, and encumbrances under budget	8,871,596
Interest allocated to reserves	(632,401)
Change in nonspendable	10,533
Transfer to reserves	(2,735,368)
Assigned - appropriated for June 30, 2026 budget	(1,700,000)
Closing, unassigned fund balance	\$ 8,031,727

The opening unassigned fund balance of \$5,587,524 is the June 30, 2024 unassigned fund balance.

The revenues and other financing sources under budget of \$1,370,157 were primarily due to variances in other financing sources (refer to supplemental schedule for further details).

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The expenditures, other financing uses, special item, and encumbrances under budget of \$8,871,596 were primarily due to variances in general support, instruction, and employee benefits (refer to supplemental schedule for further details).

Interest of \$632,401 was allocated to the reserves. See chart on page 16 for more information.

The change in nonspendable fund balance relates to the long-term lease receivable (excess of lease receivable over deferred inflows of resources – leases) in the amount of \$10,533.

The District transferred \$2,693,352 to the reserves. See chart on page 16 for more information. The District also transferred \$42,016 of excess funds from completed capital projects from the capital projects fund to the capital reserve within the general fund.

The assigned, appropriated fund balance of \$1,700,000 is the amount the District has chosen to partially fund its operating budget for the subsequent fiscal year.

The closing unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent fiscal year’s taxes or other purposes. This amount is limited to 4.00% of the subsequent fiscal year’s budget, and currently exceeds the allowable limit. The District is aware and has taken this step to ensure they are able to address the settlement payment required due to the Child Victim’s Act litigation. The District plans to utilize the excess amounts over the 4% limitation towards covering the upcoming legal settlement.

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

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:

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percentage Change
Land and land improvements	\$ 19,017,515	\$ 19,084,503	\$ (66,988)	(0.35%)
Construction in progress	13,324	1,527,995	(1,514,671)	(99.13%)
Building and building improvements	95,997,459	93,582,901	2,414,558	2.58%
Furniture and equipment	4,604,311	4,173,172	431,139	10.33%
Vehicles	3,168,389	2,800,441	367,948	13.14%
	<u>122,800,998</u>	<u>121,169,012</u>	<u>1,631,986</u>	1.35%
Less: Accumulated depreciation	<u>65,755,231</u>	<u>62,370,880</u>	<u>3,384,351</u>	5.43%
Total Capital Assets, Net	<u>\$ 57,045,767</u>	<u>\$ 58,798,132</u>	<u>\$ (1,752,365)</u>	(2.98%)
Intangible Lease Assets, Net	<u>\$ 218,908</u>	<u>\$ 247,471</u>	<u>\$ (28,563)</u>	(11.54%)

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The District recorded depreciation expense of \$3,699,497, and amortization expense of \$97,689 for fiscal year 2025. See the accompanying notes to financial statements for further detail.

B) Long-Term Debt

A summary of outstanding debt at June 30, 2025 and 2024, is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)
Bonds payable (inclusive of unamortized premium)	\$ 15,445,834	\$ 16,596,578	\$ (1,150,744)
Bond anticipation note payable	38,520,000	1,545,000	36,975,000
Lease liability	225,904	248,314	(22,410)
Total	<u>\$ 54,191,738</u>	<u>\$ 18,389,892</u>	<u>\$ 35,801,846</u>

The decrease in bonds payable (inclusive of unamortized premium) reflects principal payments and amortization expense recorded during the fiscal year. The District issued two bond anticipation notes for a total of \$38,520,000 during the year. The decrease in the lease liability represents principal payments made, partially offset by new leases entered into during the fiscal year. See the accompanying notes to financial statements for further information.

C) Other Long-Term Liabilities

A summary of the outstanding other long-term liabilities at June 30, 2025 and 2024, is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)
Compensated absences payable	\$ 9,307,656	\$ 8,460,715	\$ 846,941
Workers' compensation claims payable	1,132,993	1,132,993	-
Net pension liability - proportionate share - ERS	5,183,493	4,913,741	269,752
Net pension liability - proportionate share - TRS	-	3,600,755	(3,600,755)
Total other post-employment benefits obligation	<u>179,175,831</u>	<u>195,963,238</u>	<u>(16,787,407)</u>
	<u>\$ 194,799,973</u>	<u>\$ 214,071,442</u>	<u>\$ (19,271,469)</u>

The change in other long-term liabilities is primarily due to changes in actuarial valuations for pensions and total other post-employment benefits obligation. The compensated absences payable balance included within the other long-term liabilities balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101. More detailed information about the District’s other long-term liabilities is presented in the accompanying notes to financial statements.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 \$144,543,210 for fiscal year 2025-2026. This represented a 2.00% increase year over the prior fiscal 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:
 - Student enrollment trends.
 - 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.
- D) On July 29, 2025, the District issued a bond anticipation note for \$37,000,000 maturing on July 29, 2026, for payment of the settled legal claims related to the Child Victim’s Act. Total interest due at maturity is \$1,480,000, partially offset by a premium of \$483,960, resulting in a net interest cost of \$996,040 to the District.
- E) On July 29, 2025, the District issued a bond anticipation note for \$1,520,000 maturing on July 29, 2026, for interim financing of capital projects funds. Total interest due at maturity is \$60,800, partially offset by a premium of \$13,224, resulting in a net interest cost of \$47,576 to the District.
- F) On September 18, 2025, the District issued a tax anticipation note of \$6,000,000 maturing on June 18, 2026, for the interim financing of the general fund. Total interest due at maturity is \$180,000, partially offset by a premium of \$57,960, resulting in a net interest cost of \$122,040 to the District.
- G) As of August 7, 2025, the District has settled all twenty-eight (28) Child Victim Act cases. The District has taken the following steps in order to address the financial resources needed to pay these legal obligations. There are currently no known additional Child Victim Act cases pending for the District.

**HERRICKS UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- On the Fund Financial Statements, the District recorded \$40,450,000 as a special item on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. This amount represents the total legal claims paid for Child Victim’s Act settlements during the fiscal year ended June 30, 2025.
- On August 7, 2025, it was determined that it was in the best interest of the District to enter into a settlement agreement to resolve the remaining Child Victim’s Act case. The Board increased the 2025–2026 budget by \$2,250,000 to fund the settlement, which is expected to be paid during fiscal year 2025–2026. The funds necessary for this determined expenditure will be appropriated from the current unassigned fund balance.
- At June 30, 2025, the District’s general fund unassigned fund balance exceeds the legal limit set forth under New York State Real Property Tax law Section 1318 by \$2,250,000. The District plans to utilize this excess for the final settlement payment.

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, 2025

ASSETS

Current assets:	
Cash and cash equivalents:	
Unrestricted	\$ 22,576,644
Restricted	22,993,191
Receivables:	
Taxes receivable	1,439,587
Accounts receivable	85,248
State and federal aid	2,862,626
Due from other governments	2,106,923
Inventory	27,313
Noncurrent assets:	
Lease receivable due within one year	391,535
Lease receivable due after one year	66,142
Capital assets not being depreciated	1,743,440
Capital assets being depreciated, net of accumulated depreciation	55,302,327
Intangible lease assets, net of accumulated amortization	218,908
Net pension assets	
Teachers' retirement system - proportionate share	9,232,591
TOTAL ASSETS	<u>119,046,475</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	25,426,997
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,426,997</u>

LIABILITIES

Current liabilities:	
Payables	
Accounts payable	2,438,418
Accrued liabilities	2,651,795
Due to other governments	684,129
Due to teachers' retirement system	6,924,226
Due to employees' retirement system	542,509
Compensated absences payable	77,232
Other liabilities	51,400
Accrued interest payable	1,696,216
Notes payable	
Bond anticipation note payable	3,025,000
Unearned credits	
Collections in advance	764,400
Long-term liabilities:	
Due and payable within one year:	
Bonds payable (inclusive of unamortized premium)	1,205,744
Lease liability	87,692
Compensated absences payable	338,429
Total other post-employment benefits obligation	5,562,267
Due and payable after one year:	
Bond anticipation note payable	38,520,000
Bonds payable (inclusive of unamortized premium)	14,240,090
Lease liability	138,212
Compensated absences payable	8,969,227
Workers' compensation claims payable	1,132,993
Net pension liability - proportionate share - employees' retirement system	5,183,493
Total other post-employment benefits obligation	173,613,564
TOTAL LIABILITIES	<u>267,847,036</u>

DEFERRED INFLOWS OF RESOURCES

Leases	417,755
Pensions	11,859,091
Other post-employment benefits obligation	58,110,748
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>70,387,594</u>

NET POSITION

Net investment in capital assets	40,023,429
Restricted	32,225,782
Unrestricted (deficit)	<u>(266,010,369)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (193,761,158)</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (19,100,385)	\$ -	\$ -	\$ -	\$ (19,100,385)
Instruction	(101,206,280)	2,184,409	3,303,938	583,996	(95,133,937)
Pupil transportation	(5,313,785)				(5,313,785)
Community services	(59,673)				(59,673)
Debt service - interest	(2,005,016)				(2,005,016)
Food service program	(2,208,093)	1,588,881	793,282		174,070
TOTAL FUNCTIONS AND PROGRAMS	\$ (129,893,232)	\$ 3,773,290	\$ 4,097,220	\$ 583,996	(121,438,726)
GENERAL REVENUES					
Real property taxes					103,787,347
Other tax items - including STAR reimbursement					5,728,024
Use of money and property					1,764,546
Sale of property and compensation for loss					8,831
Miscellaneous					735,201
State sources					27,420,609
Federal sources					98,328
TOTAL GENERAL REVENUES					139,542,886
CHANGE IN NET POSITION					18,104,160
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					(211,352,231)
CHANGE IN ACCOUNTING PRINCIPLE					(513,087)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED					(211,865,318)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					\$ (193,761,158)

**HERRICKS UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents:							
Unrestricted	\$ 20,656,152	\$ 31,350	\$ 1,747,727	\$ 141,415	\$ -	\$ -	\$ 22,576,644
Restricted	20,203,859			51,757	1,852,127	885,448	22,993,191
Receivables:							
Taxes receivable	1,439,587						1,439,587
Accounts receivable	74,894		756	9,598			85,248
State and federal aid	590,457	1,644,876	43,297		583,996		2,862,626
Due from other governments	2,106,923						2,106,923
Due from other funds	1,684,117	24,983		100,428			1,809,528
Lease receivable	457,677						457,677
Inventory			27,313				27,313
TOTAL ASSETS	\$ 47,213,666	\$ 1,701,209	\$ 1,819,093	\$ 303,198	\$ 2,436,123	\$ 885,448	\$ 54,358,737
LIABILITIES							
Payables							
Accounts payable	\$ 2,194,658	\$ 51,635	\$ 167,617	\$ -	\$ 24,508	\$ -	\$ 2,438,418
Accrued liabilities	2,599,214	10,678	41,903				2,651,795
Due to other governments	684,082		47				684,129
Due to other funds	100,427	1,638,896	3,206	24,983	42,016		1,809,528
Due to teachers' retirement system	6,924,226						6,924,226
Due to employees' retirement system	542,509						542,509
Compensated absences payable	77,232						77,232
Other liabilities	51,400						51,400
Notes payable							
Bond anticipation note payable	3,000,000				25,000		3,025,000
Unearned credits							
Collections in advance	644,169		120,231				764,400
TOTAL LIABILITIES	16,817,917	1,701,209	333,004	24,983	91,524	-	18,968,637
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - state aid					583,996		583,996
Leases	417,755						417,755
TOTAL DEFERRED INFLOWS OF RESOURCES	417,755	-	-	-	583,996	-	1,001,751
FUND BALANCES							
Nonspendable:							
Inventory			27,313				27,313
Leases	39,922						39,922
Restricted:							
Retirement contribution:							
Employees' retirement system	7,068,134						7,068,134
Teachers' retirement system	6,006,835						6,006,835
Capital	2,042,016				2,382,473		4,424,489
Repairs	3,068						3,068
Insurance	1,174,707						1,174,707
Employee benefit accrued liability	1,165,046						1,165,046
Workers' compensation	2,093,084						2,093,084
Unemployment insurance	120,623						120,623
Debt service						885,448	885,448
Scholarships and donations				51,757			51,757
Assigned:							
Appropriated fund balance	1,700,000						1,700,000
Unappropriated fund balance	532,832		1,458,776	226,458			2,218,066
Unassigned:							
Unassigned fund balance	8,031,727				(621,870)		7,409,857
TOTAL FUND BALANCES	29,977,994	-	1,486,089	278,215	1,760,603	885,448	34,388,349
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 47,213,666	\$ 1,701,209	\$ 1,819,093	\$ 303,198	\$ 2,436,123	\$ 885,448	\$ 54,358,737

**HERRICKS UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balances \$ 34,388,349

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 is reported as expenditures in the fiscal 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	\$ 122,800,998	
Accumulated depreciation	<u>(65,755,231)</u>	57,045,767

The present value cost of leasing capital assets financed from the governmental funds is reported as expenditures in the fiscal 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	\$ 405,666	
Accumulated amortization	<u>(186,758)</u>	218,908

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long-term assets and increase net position. The net pension asset relating to the teachers' retirement system was: 9,232,591

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 expenses in future periods amounted to: 25,426,997

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: (1,696,216)

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:

Bond anticipation note payable	\$ (38,520,000)	
Bonds payable (inclusive of unamortized premium)	(15,445,834)	
Lease liability	(225,904)	
Compensated absences payable	(9,307,656)	
Workers' compensation claims payable	(1,132,993)	
Net pension liability - proportionate share - employees' retirement system	(5,183,493)	
Total other post-employment benefits obligation	<u>(179,175,831)</u>	(248,991,711)

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	\$ (11,859,091)	
Deferred inflows of resources related to other post-employment benefit obligations	(58,110,748)	
Deferred inflows of resources related to unavailable state aid	<u>583,996</u>	<u>(69,385,843)</u>

Total Net Position \$ (193,761,158)

HERRICKS UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$103,787,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$103,787,347
Other tax items - including STAR reimbursement	5,728,024						5,728,024
Charges for services	1,752,933			431,476			2,184,409
Use of money and property	1,699,156		11,494	39		53,857	1,764,546
Sale of property and compensation for loss	8,831						8,831
Miscellaneous	398,343	24,983	4,883	36,255			464,464
State sources	27,420,609	1,889,345	24,930		155,198		29,490,082
Federal sources	98,328	1,378,338	592,555				2,069,221
Surplus food			175,797				175,797
Sales			1,583,998				1,583,998
TOTAL REVENUES	140,893,571	3,292,666	2,393,657	467,770	155,198	53,857	147,256,719
EXPENDITURES							
General support	16,457,712						16,457,712
Instruction	75,652,924	3,533,533		504,580			79,691,037
Pupil transportation	5,156,585						5,156,585
Community services	47,452						47,452
Employee benefits	31,736,112		133,808				31,869,920
Debt service - principal	1,081,534						1,081,534
Debt service - interest	727,210						727,210
Cost of sales			2,217,233				2,217,233
Capital outlay					1,700,059		1,700,059
TOTAL EXPENDITURES	130,859,529	3,533,533	2,351,041	504,580	1,700,059	-	138,948,742
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,034,042	(240,867)	42,616	(36,810)	(1,544,861)	53,857	8,307,977
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	36,120					275,755	311,875
Proceeds from bond anticipation note	37,000,000				1,520,000		38,520,000
Bond anticipation note redeemed from appropriations					(1,545,000)		(1,545,000)
Operating transfers in	42,016	240,867			3,232,000		3,514,883
Operating transfers (out)	(3,472,867)				(42,016)		(3,514,883)
Leases					69,126		69,126
TOTAL OTHER FINANCING SOURCES AND (USES)	33,605,269	240,867	-	-	3,234,110	275,755	37,356,001
SPECIAL ITEM							
Child Victim's Act legal settlements	40,450,000						40,450,000
NET CHANGE IN FUND BALANCES	3,189,311	-	42,616	(36,810)	1,689,249	329,612	5,213,978
FUND BALANCES - BEGINNING OF YEAR	26,788,683	-	1,443,473	315,025	71,354	555,836	29,174,371
FUND BALANCES - END OF YEAR	\$ 29,977,994	\$ -	\$ 1,486,089	\$ 278,215	\$ 1,760,603	\$ 885,448	\$ 34,388,349

**HERRICKS UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances \$ 5,213,978

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 fiscal 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:

Payment of Child Victim's Act legal settlements	\$ 40,450,000	
Increase in compensated absences payable	(333,854)	40,116,146

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	\$ 527,085	
Teachers' retirement system	857,861	
Other post-employment benefits	9,981,616	11,366,562

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 fiscal year ended was:

428,798

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 of Activities:

Capital outlays	\$ 1,947,132	
Depreciation expense	(3,699,497)	(1,752,365)

Capital outlays to lease 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	\$ 69,126	
Amortization expense	(97,689)	(28,563)

Long-Term Debt Differences

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest changed by:

(1,438,550)

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	\$ (38,520,000)	
Proceeds from leases	(69,126)	(38,589,126)

Repayments of bond anticipation notes are other financing uses in the governmental funds, but they reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

1,545,000

Premiums and discounts on debt issuances and deferred amounts from debt refundings are recognized when incurred on the Fund Financial Statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount that was amortized in the current fiscal year was:

160,744

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	\$ 990,000	
Repayment of lease obligations	91,536	1,081,536

Change in Net Position \$ 18,104,160

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 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 financial statements.

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 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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. 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 and contributions, 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. 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 long-term debt, 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 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 15 and payable on October 1 and April 1. Taxes are collected by the Town of North Hempstead during the

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 the accompanying notes to financial statements.

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 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 the accompanying notes to financial statements for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

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 receivable, deferred inflows of resources – leases, 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025, 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 the accompanying notes to financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District 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 the accompanying notes to financial statements. Additionally, the District reports amounts related to pensions and other post-employment benefits obligation reported in the District-Wide Statement of Net Position, which are detailed further in in the accompanying notes to financial statements.

In addition to liabilities, the 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. See the accompanying notes to financial statements for further information.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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. BANS that are replaced with long-term financing or renewed subsequent to year end but prior to the issuance of the financial statements, are treated as long-term obligations, as these notes will not require the use of working capital during that period. See the accompanying notes to financial statements 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.

See the accompanying notes to financial statements for further detail.

Q) Employee Benefits – Compensated Absences:

Compensated absences consist of unused 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes both:

- Leave that is expected to be used in future periods, and
- Leave that will be paid out upon termination or retirement, per contractual agreements.

The liability is calculated based on employees' current pay rates and any additional salary-related costs that are directly associated with the payment of compensated absences.

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 reported 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(b).

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 fiscal 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 Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting.

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 is recorded in the general fund.

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period as other financing sources, with the face amount of debt issued 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, respectively) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of unspent proceeds, capital-related accounts payable, and 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 is deemed to be available for general use by the District.

As of June 30, 2025, the governmental activities reported a deficit in unrestricted net position of \$266,010,369. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liability on the Statement of Net Position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liability on a “pay as you go” basis, has resulted in a deficit in an unrestricted net deficit.

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 receivable over deferred inflows of resources – leases) in the amount of \$39,922 in the general fund and inventory in the amount of \$27,313 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

Repairs 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 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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- (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, 2025.
- (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.

New York State 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 fiscal year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District's unassigned fund balance at June 30, 2025 is not within the legal limit. The District is aware and has taken this step to ensure they are able to address the final settlement payment as required under the Child Victim's Act litigation. The District plans to utilize amounts in excess of the 4% limitation to pay for this upcoming legal settlement.

The capital projects fund has an unassigned deficit balance of \$621,870. The deficit is the result of the District not yet obtaining permanent financing on capital improvement projects. The unassigned deficit balance should be eliminated once permanent financing is obtained by the District.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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) New Accounting Pronouncement:

GASB has issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective for the District for the fiscal year ended June 30, 2025. This statement establishes updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This includes both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

As disclosed in the accompanying notes to financial statements, the cumulative effect of the adoption of GASB Statement No. 101 (change in accounting principle) was an increase of the compensated absences payable balance of \$513,087 and an increase to the net deficit of \$513,087 in the Statement of Net Position as of July 1, 2024.

V) Future Accounting Pronouncements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible lease assets, subscription assets, and assets held for sale. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

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 Fund Financial 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 Financial 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 Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 fiscal year. Appropriations authorized for the current fiscal 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 approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the Supplemental Schedule – Schedule of Change from Adopted Budget to Final Budget, where applicable.

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

Budgets are established and used for individual capital projects fund 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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. Deposits are 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 agent, but not in the District’s name.

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, 2025 included \$22,993,191 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2025, the District was billed \$6,612,448 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$2,084,489. 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.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2025, consisted of the following:

General Fund	
Excess cost aid	\$ 590,457
Total - General Fund	<u>590,457</u>
Special Aid Fund	
State grants	632,954
Federal grants	1,011,922
Total - Special Aid Fund	<u>1,644,876</u>
School Lunch Fund	
State reimbursement	1,760
Federal reimbursement	41,537
Total - School Lunch Fund	<u>43,297</u>
Capital Projects Fund	
State reimbursement	583,996
Total - Capital Projects Fund	<u>583,996</u>
Total - All Funds	<u><u>\$ 2,862,626</u></u>

The capital projects fund receivable amount includes \$583,996 of unavailable revenues, which are recorded as deferred inflows of resources on the Balance Sheet at June 30, 2025.

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, 2025**

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2025, consisted of the following:

General Fund	
District of location - special education	\$ 343,652
Tuition billings to other school districts	575,425
BOCES aid	940,928
Interest and penalties on property tax	246,918
Total - General Fund	<u>\$ 2,106,923</u>

District management has deemed the amounts to be fully collectible.

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 2024-25 fiscal year were \$368,202 and \$27,349, respectively.

Future minimum rental receipts are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 391,535	\$ 11,865	\$ 403,400
2027	31,946	2,452	34,398
2028	34,196	886	35,082
	<u>\$ 457,677</u>	<u>\$ 15,203</u>	<u>\$ 472,880</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 1,730,116	\$ -	\$ -	\$ 1,730,116
Construction in progress	1,527,995	1,047,870	(2,562,541)	13,324
Total capital assets not being depreciated	<u>3,258,111</u>	<u>1,047,870</u>	<u>(2,562,541)</u>	<u>1,743,440</u>
Capital assets being depreciated				
Building and building improvements	93,582,901	25,481	2,389,077	95,997,459
Furniture and equipment	4,173,172	348,334	82,805	4,604,311
Vehicles	2,800,441	525,447	(157,499)	3,168,389
Land improvements	17,354,387		(66,988)	17,287,399
Total capital assets being depreciated	<u>117,910,901</u>	<u>899,262</u>	<u>2,247,395</u>	<u>121,057,558</u>
Less accumulated depreciation:				
Building and building improvements	54,942,112	2,291,668		57,233,780
Furniture and equipment	1,660,696	331,832	(149,745)	1,842,783
Vehicles	1,484,746	262,627	(157,499)	1,589,874
Land improvements	4,283,326	813,370	(7,902)	5,088,794
Total accumulated depreciation	<u>62,370,880</u>	<u>3,699,497</u>	<u>(315,146)</u>	<u>65,755,231</u>
Total capital assets being depreciated, net	<u>55,540,021</u>	<u>(2,800,235)</u>	<u>2,562,541</u>	<u>55,302,327</u>
Total capital assets, net	<u>\$ 58,798,132</u>	<u>\$ (1,752,365)</u>	<u>\$ -</u>	<u>\$ 57,045,767</u>

Depreciation expense was allocated to the following functions:

General support	\$ 1,160,578
Instruction	2,317,893
Pupil transportation	218,498
Food service program	2,528
	<u>\$ 3,699,497</u>

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2025:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture and equipment	\$ 412,821	\$ 69,126	\$ (76,281)	\$ 405,666
Total intangible lease assets	412,821	69,126	(76,281)	405,666
Less accumulated amortization:				
Furniture and equipment	165,350	97,689	(76,281)	186,758
Total accumulated amortization	165,350	97,689	(76,281)	186,758
Total intangible lease assets, net	\$ 247,471	\$ (28,563)	\$ -	\$ 218,908

Amortization expense of \$97,689 was charged to the governmental functions as instruction.

NOTE 10 - COLLECTIONS IN ADVANCE:

Collections in advance as of June 30, 2025, consisted of:

General Fund	
PILOT	\$ 494,924
Summer programs	75,856
Group insurance	52,338
Other	21,051
Total General Fund	\$ 644,169
School Lunch Fund	
Prepaid meals	\$ 120,231
Total	\$ 764,400

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,684,117	\$ 100,427	\$ 42,016	\$ 3,472,867
Special aid fund	24,983	1,638,896	240,867	
School lunch fund		3,206		
Miscellaneous special revenue fund	100,428	24,983		
Capital projects fund		42,016	3,232,000	42,016
Totals	\$ 1,809,528	\$ 1,809,528	\$ 3,514,883	\$ 3,514,883

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 capital reserves 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 fiscal year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	9/20/2024	4.75%	\$ 1,545,000	\$ -	\$ (1,545,000)	\$ -
BAN	7/30/2025	3.75%	-	1,545,000	-	1,545,000
TAN	6/19/2025	4.00%	-	6,000,000	(6,000,000)	-
BAN	7/30/2025	4.00%	-	40,000,000	-	40,000,000
			\$ 1,545,000	\$ 47,545,000	\$ (7,545,000)	\$ 41,545,000

The District issued a BAN on September 21, 2023 for \$1,545,000, for interim financing of capital projects with a maturity date of September 20, 2024. Total interest due at maturity was \$73,183, partially offset by a premium of \$10,200, which resulted in a net interest cost of \$62,983 due from the District at maturity.

The District issued BAN on September 19, 2024 for \$1,545,000, for interim financing of capital projects with a maturity date of July 30, 2025. Total interest due at maturity will be \$50,052, partially offset by a premium of \$5,755, which will result in a net interest cost of \$44,297 due at maturity. As of June 30, 2025, the balance of BANs for this issuance on the Fund Financial Statements was \$25,000 and was recorded as current liabilities on the Statement of Net Position, while \$1,520,000 was recorded as noncurrent liabilities due and payable after one year as a result of the July 2025 BAN issuances.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The TAN for \$6,000,000 was issued on September 19, 2024, for interim financing of the general fund. Total interest due at maturity was \$180,667, partially offset by a premium of \$36,120, which resulted in a net interest cost of \$144,547 to the District.

On July 30, 2024, the District issued a BAN for \$40,000,000 to pay legal settlements related to the Child Victim's Act in the general fund. Total interest due at maturity will be \$1,600,000, partially offset by a premium of \$270,000, which will result in a net interest cost of \$1,330,000 due at maturity. As of June 30, 2025, the balance of BANs for this issuance on the Fund Financial Statements was \$3,000,000 and was recorded as current liabilities on the Statement of Net Position, while \$37,000,000 was recorded as noncurrent liabilities due and payable after one year as a result of the July 2025 BAN issuances.

NOTE 13 – LONG-TERM LIABILITIES:

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

	As Restated Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt					
Bonds payable	\$ 14,815,000	\$ -	\$ (990,000)	\$ 13,825,000	\$ 1,045,000
Unamortized bond premium	1,781,578		(160,744)	1,620,834	160,744
Bond anticipation note payable	1,545,000	38,520,000	(1,545,000)	38,520,000	-
Lease liability	248,314	69,126	(91,536)	225,904	87,692
Total long-term debt	<u>18,389,892</u>	<u>38,589,126</u>	<u>(2,787,280)</u>	<u>54,191,738</u>	<u>1,293,436</u>
Other long-term liabilities:					
Child Victim's Act legal settlements	40,450,000		(40,450,000)	-	
Compensated absences payable*	8,973,802	333,854		9,307,656	338,429
Workers' compensation claims payable	1,132,993	481,243	(481,243)	1,132,993	
Net pension liability - proportionate share					
Employees' retirement system	4,913,741	1,575,623	(1,305,871)	5,183,493	
Teachers' retirement system	3,600,755		(3,600,755)	-	
Total other post-employment benefits obligation	<u>195,963,238</u>	<u>11,867,622</u>	<u>(28,655,029)</u>	<u>179,175,831</u>	<u>5,562,267</u>
Total long-term liabilities	<u>\$ 273,424,421</u>	<u>\$ 52,847,468</u>	<u>\$(77,280,178)</u>	<u>\$ 248,991,711</u>	<u>\$ 7,194,132</u>

*Opening balances have been restated to reflect the adoption of the change in accounting principle. See the accompanying notes to financial statements for further details.

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. See the accompanying notes to financial statements for further detail regarding the Child Victim's Act legal settlements.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) Bonds Payable

Bond payable as of June 30, 2025, 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 \$13,825,000 outstanding as of June 30, 2025.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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	1,265,000	186,500	1,451,500
2031-2035	6,655,000	478,050	7,133,050
2036	1,405,000	14,050	1,419,050
Total	<u>\$ 13,825,000</u>	<u>\$ 1,989,550</u>	<u>\$ 15,814,550</u>

The bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and remedies for enforcement of payment are not expressly included in the District's contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the District. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in New York State. In the event a holder or owner of any bond issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 authorized but unissued debt of \$4,280,000 at June 30, 2025.

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
2026	\$ 160,744
2027	160,744
2028	160,744
2029	160,744
2030	160,744
2031-2035	803,720
2036	13,394
Total	<u>\$ 1,620,834</u>

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 amounts paid on the District's lease liability amounted to \$91,536 and \$11,810, respectively, for the fiscal year ended June 30, 2025.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Fiscal Year Ended	Principal	Interest	Total
June 30,			
2026	\$ 87,692	\$ 8,231	\$ 95,923
2027	76,485	4,564	81,049
2028	46,895	1,661	48,556
2029	14,237	238	14,475
2030	595	-	595
	\$ 225,904	\$ 14,694	\$ 240,598

D) Long-Term Interest

Interest on long-term debt including interest on lease liability for the fiscal year was composed of:

	Total
Interest paid	\$ 473,360
Less interest accrued in the prior fiscal year	(257,666)
Plus interest accrued in the current fiscal year	1,696,216
Less amortization of bond premium	(160,744)
Total expense	\$ 1,751,166

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 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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
 - 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.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025 for covered payroll was 17.70% for Tiers 3 and 4, 15.30% for Tier 5, and 11.30% 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, 2025, was 10.11% 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
2025	\$1,832,684	\$6,060,586
2024	\$1,572,666	\$5,766,576
2023	\$1,358,824	\$5,982,098

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

At June 30, 2025, 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, 2025 for ERS and June 30, 2024 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 asset/(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.

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (5,183,493)	\$ 9,232,591
District's portion of the Plan's total net pension asset/(liability)	0.0302320%	0.309444%
Change in proportion since prior measurement date	-0.0031402%	-0.005422%

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$1,305,871 for ERS and pension expense of \$5,236,546 for TRS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<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	\$ 1,286,578	\$ 9,941,805	\$ 60,689	\$ -
Changes of assumptions	217,385	5,522,960	-	929,014
Net difference between projected and actual earnings on pension plan investments	406,682	-	-	10,258,195
Changes in proportion and differences between the District's contributions and proportionate share of contributions	532,593	915,899	314,224	296,969
District's contributions subsequent to the measurement date	542,509	6,060,586	-	-
	<u>\$ 2,985,747</u>	<u>\$ 22,441,250</u>	<u>\$ 374,913</u>	<u>\$ 11,484,178</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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2025	\$ -	\$ (4,634,181)
2026	1,020,871	11,409,339
2027	1,401,254	(1,718,319)
2028	(398,022)	(1,920,274)
2029	44,222	1,272,356
Thereafter	-	487,565
	<u>\$ 2,068,325</u>	<u>\$ 4,896,486</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:

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.30%	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, 2024, 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, 2023 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 return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025		June 30, 2024	
<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	25%	3.54%	33%	6.6%
International equity	14%	6.57%	15%	7.4%
Global equity			4%	6.9%
Private equity	15%	7.25%	9%	10.0%
Real estate	12%	4.95%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	4%	5.55%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	22%	2.00%	16%	2.6%
Global bonds			2%	2.5%
High-yield bonds			1%	4.8%
Private debt			2%	5.9%
Real estate debt			6%	3.9%
Cash equivalents			1%	0.3%
	100%		100%	

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 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).

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (15,001,681)	\$ (5,183,493)	\$ 3,014,701
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ (42,645,871)	\$ 9,232,591	\$ 52,863,770

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)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600,239)	\$ (142,837,827)
Plan Fiduciary Net Position	230,454,512	145,821,435
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>

Ratio of plan fiduciary net position to the Employers' total pension liability	93.08%	102.09%
---	--------	---------

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, 2025, represent the projected employer contribution for the period of March 31, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025, amounted to \$542,509.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the System in September, October, and November 2025 through a state aid deduction

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

and remittance to TRS. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025, 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, 2025, amounted to \$6,924,226.

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, 2025, totaled \$82,232 and \$3,603,171, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section §457(b) for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2025, totaled \$182,115.

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 to pay related benefits.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

payments come due. For fiscal year 2025, the District contributed an estimated \$6,617,104 to the Plan, including \$6,617,104 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
	1,077

Total OPEB Liability:

The District’s total OPEB liability of \$179,175,831 was measured as of June 30, 2025, 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	4.80%
Healthcare cost trend rates:	
Pre-65 Medical	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.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index, as of June 30, 2025, per S&P Global.

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

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Changes in the Total OPEB Liability:

Balance at July 1, 2024	\$ 195,963,238
Changes for the fiscal year:	
Service cost	4,161,435
Interest	7,706,187
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(22,037,925)
Benefit payments	(6,617,104)
Net changes	(16,787,407)
Balance at June 30, 2025	\$ 179,175,831

Changes in assumptions or other inputs include changing the discount rate from 4.0% to 4.80% based on the S&P Municipal Bond 20-Year High Grade Rate Index, as of June 30, 2025, per S&P Global.

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 (3.80%) or 1-percentage point higher (5.80%) than the current discount rate:

	1% Decrease (3.80%)	Discount Rate (4.80%)	1% Increase (5.80%)
Total OPEB liability	\$ 207,389,311	\$ 179,175,831	\$ 156,614,093

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 152,951,701	\$ 179,175,831	\$ 212,315,250

**HERRICKS UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$3,364,512. At June 30, 2025, 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	\$ -	\$ (4,514,550)
Changes of assumptions or other inputs		(53,596,198)
	\$ -	\$ (58,110,748)

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:	
2026	\$ (15,232,133)
2027	(16,991,782)
2028	(20,459,873)
2029	(5,426,960)
	\$ (58,110,748)

NOTE 17 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES:

As of June 30, 2025, the District did not appropriate reserve funds for use in the subsequent fiscal year’s budget.

NOTE 18 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$1,700,000 has been appropriated to reduce taxes for the fiscal year ending June 30, 2025.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	\$ 5,169,500	\$ 10,155,153
Interest Earnings	33,968	185,951	219,919
Use of Reserve	(5,019,621)	(3,313,435)	(8,333,056)
Total General Fund	<u>-</u>	<u>2,042,016</u>	<u>2,042,016</u>
Capital Projects Fund			
Funding Provided	5,019,621	3,313,435	8,333,056
Use of Reserve	(4,784,455)	(1,166,130)	(5,950,585)
Total Capital Projects Fund	<u>235,166</u>	<u>2,147,305</u>	<u>2,382,471</u>
Balance as of June 30, 2025	<u>\$ 235,166</u>	<u>\$ 4,189,321</u>	<u>\$ 4,424,487</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 the accompanying notes to financial statements, 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 as of March 31, 2025. As of the valuation date of March 31, 2025, 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 \$2,093,084 to pay these claims, as needed. Claims activity for the current and preceding fiscal years is summarized below.

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	2025	2024
Unpaid claims, beginning of year	\$ 1,132,993	\$ 1,281,826
Incurred claims and claim adjustment expenses	481,243	775,105
Claim payments	(481,243)	(923,938)
Unpaid claims, end of year	\$ 1,132,993	\$ 1,132,993

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, 2025. The program is accounted for in the general fund of the District. Dental activity for the current and prior fiscal years is summarized below.

	2025	2024
Dental program, beginning of year	\$ 479,663	\$ 553,985
Premiums collected	571,516	564,768
Dental claims paid during the year	(679,018)	(639,090)
Dental program, end of year	\$ 372,161	\$ 479,663

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, 2025, the District encumbered the following amounts:

General fund	
General support	\$ 439,716
Instruction	29,915
Pupil transportation	62,209
Community services	992
	\$ 532,832

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

School lunch fund	
Food service operations	<u>\$ 354,833</u>
Capital projects fund	
Capital projects	<u>\$ 176,248</u>

B) Grants:

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District’s administration believes disallowances, if any, 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, 2025, the District had 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.

As of October 11, 2024, the District has one remaining lawsuit under the Child Victim’s Act. This lawsuit went to trial in early 2025 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.

On August 7, 2025, it was determined that it was in the best interest of the District to enter into a settlement agreement with this plaintiff. The Board increased the 2025–2026 budget by \$2,250,000 to fund the settlement, which is expected to be paid during fiscal year 2025–2026. The funds necessary for this determined expenditure will be appropriated from the current unassigned fund balance. There are currently no additional known Child Victim’s Act cases pending for the District.

**HERRICKS UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Special Item:

On the Fund Financial Statements, the District recorded \$40,450,000 as a special item on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. This amount represents the total legal claims paid for Child Victim’s Act settlements during the fiscal year ended June 30, 2025.

NOTE 22 - TAX ABATEMENTS:

The District received Payment in Lieu of Tax (PILOT) payments of \$2,009,862 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 – RESTATEMENT OF NET POSITION:

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101. The implementation of GASB Statement No. 101 (change in accounting principle) required the restatement of the beginning net position as of July 1, 2024. The cumulative effect of this change is summarized as follows:

	Statement of Net Position
Net Position (Deficit)	
Beginning of Year, as Previously Reported	\$ (211,352,231)
Long-term liabilities	
Compensated absences payable	513,087
Total Long-Term Liabilities	513,087
Net Position (Deficit)	
Beginning of Year, as Restated	\$ (211,865,318)

NOTE 24 - 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 to financial statements. Management evaluated the activity of the District through October 10, 2025, and concluded the following subsequent events have occurred that would require disclosure in the notes to financial statements:

**HERRICKS UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- A) On July 29, 2025, the District issued a bond anticipation note for \$37,000,000 maturing on July 29, 2026, for payment of the settled legal claims related to the Child Victim's Act. Total interest due at maturity is \$1,480,000, partially offset by a premium of \$483,960, resulting in a net interest cost of \$996,040 to the District.

- B) On July 29, 2025, the District issued a bond anticipation note for \$1,520,000 maturing on July 29, 2026, for interim financing of capital projects funds. Total interest due at maturity is \$60,800, partially offset by a premium of \$13,224, resulting in a net interest cost of \$47,576 to the District.

- C) On September 18, 2025, the District issued a tax anticipation note of \$6,000,000 maturing on June 18, 2026, for the interim financing of the general fund. Total interest due at maturity is \$180,000, partially offset by a premium of \$57,960, resulting in a net interest cost of \$122,040 to the District.

SUPPLEMENTARY INFORMATION

**HERRICKS UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<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	\$ 102,945,775	\$ 103,787,347	\$ 103,787,347	\$ -
Other tax items	6,352,269	5,510,697	5,728,024	217,327
Charges for services	1,199,376	1,199,376	1,752,933	553,557
Use of money and property	1,016,089	1,016,089	1,699,156	683,067
Sale of property and compensation for loss	64,850	64,850	8,831	(56,019)
Miscellaneous	307,831	307,831	398,343	90,512
State sources	27,327,674	27,327,674	27,420,609	92,935
Federal sources				
Medicaid reimbursement	88,000	88,000	98,328	10,328
TOTAL REVENUES	<u>139,301,864</u>	<u>139,301,864</u>	<u>140,893,571</u>	<u>1,591,707</u>
Other financing sources				
Premiums on obligations	40,000	40,000	36,120	(3,880)
Proceeds from bond anticipation note	-	40,000,000	37,000,000	(3,000,000)
Transfers from other funds	-	-	42,016	42,016
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>139,341,864</u>	<u>179,341,864</u>	<u>\$ 177,971,707</u>	<u>\$ (1,370,157)</u>
Appropriated fund balance	1,150,000	1,150,000		
Prior year encumbrances	232,227	232,227		
Appropriated reserves	<u>1,218,500</u>	<u>3,462,733</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE, AND APPROPRIATED RESERVES	<u>\$ 141,942,591</u>	<u>\$ 184,186,824</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 CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<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	\$ 165,366	\$ 153,747	\$ 103,288	\$ -	\$ 50,459
Central administration	425,787	429,150	424,361		4,789
Finance	1,376,276	1,389,796	1,362,141		27,655
Staff	3,154,802	2,948,974	1,115,799	6,454	1,826,721
Central services	13,139,602	13,133,590	11,843,355	433,262	856,973
Special items	4,764,984	4,329,526	1,608,768		2,720,758
Total General Support	<u>23,026,817</u>	<u>22,384,783</u>	<u>16,457,712</u>	<u>439,716</u>	<u>5,487,355</u>
Instruction					
Instruction, adm., and imp.	6,088,734	6,201,997	6,065,161	232	136,604
Teaching - regular school	38,992,921	38,573,193	37,939,107	25,957	608,129
Programs for children with disabilities	20,563,468	21,030,529	20,830,330		200,199
Occupational education	923,181	1,019,712	894,586	2,014	123,112
Teaching special schools	10,000	10,617	10,616		1
Instructional media	3,707,352	3,713,632	3,625,890	1,712	86,030
Pupil services	6,504,897	6,551,921	6,287,234		264,687
Total Instruction	<u>76,790,553</u>	<u>77,101,601</u>	<u>75,652,924</u>	<u>29,915</u>	<u>1,418,762</u>
Pupil Transportation	<u>5,416,966</u>	<u>5,404,295</u>	<u>5,156,585</u>	<u>62,209</u>	<u>185,501</u>
Community Services	<u>80,561</u>	<u>68,867</u>	<u>47,452</u>	<u>992</u>	<u>20,423</u>
Employee Benefits	<u>33,340,922</u>	<u>33,226,495</u>	<u>31,736,112</u>	<u>-</u>	<u>1,490,383</u>
Debt Service					
Debt service - principal	1,085,000	1,081,534	1,081,534	-	-
Debt service - interest	722,734	727,211	727,210	-	1
Total Debt Service	<u>1,807,734</u>	<u>1,808,745</u>	<u>1,808,744</u>	<u>-</u>	<u>1</u>
TOTAL EXPENDITURES	<u>140,463,553</u>	<u>139,994,786</u>	<u>130,859,529</u>	<u>532,832</u>	<u>8,602,425</u>
Other Financing Uses					
Transfers to other funds	<u>1,479,038</u>	<u>3,742,038</u>	<u>3,472,867</u>	<u>-</u>	<u>269,171</u>
SPECIAL ITEM					
Child Victim's Act legal settlements	<u>-</u>	<u>40,450,000</u>	<u>40,450,000</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES, OTHER FINANCING USES, AND SPECIAL ITEM	<u>\$ 141,942,591</u>	<u>\$ 184,186,824</u>	<u>174,782,396</u>	<u>\$ 532,832</u>	<u>\$ 8,871,596</u>
NET CHANGE IN FUND BALANCE			3,189,311		
FUND BALANCE - BEGINNING OF YEAR			<u>26,788,683</u>		
FUND BALANCE - END OF YEAR			<u>\$ 29,977,994</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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0302320%	0.0333722%	0.0334293%	0.0338608%	0.0333814%	0.0340980%	0.0370693%	0.0398827%	0.0426428%	0.0407754%
District's proportionate share of the net pension asset/(liability)	\$(5,183,493)	\$(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)
District's covered payroll	\$13,424,264	\$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
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	38.61%	36.74%	60.96%	23.58%	0.28%	77.02%	21.80%	10.73%	33.15%	53.63%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
	NYSTRS Pension Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.3094440%	0.3148660%	0.3230630%	0.3346030%	0.317594%	0.314855%	0.316419%	0.319883%	0.324092%	0.318610%
District's proportionate share of the net pension asset/(liability)	\$ 9,232,591	\$(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
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
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.50%	6.13%	10.75%	102.10%	16.28%	15.49%	11.02%	4.75%	6.86%	68.25%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,832,684	\$ 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
Contributions in relation to the contractually required contribution	<u>1,832,684</u>	<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>
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	\$ 13,577,842	\$ 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
Contributions as a percentage of covered payroll	13.50%	11.77%	11.20%	11.24%	14.43%	14.08%	14.55%	14.72%	14.76%	15.81%

	NYSTRS Pension Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,060,586	\$ 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
Contributions in relation to the contractually required contribution	<u>6,060,586</u>	<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>
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	\$ 60,599,056	\$ 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
Contributions as a percentage of covered payroll	10.00%	9.68%	10.18%	9.73%	9.53%	8.86%	10.57%	9.73%	11.60%	13.10%

**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>2025</u>	<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	\$ 4,161,435	\$ 4,100,045	\$ 6,646,382	\$ 11,203,027	\$ 9,521,622	\$ 7,319,940	\$ 7,575,008	\$ 7,214,293
Interest	7,706,187	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	(22,037,925)	(20,160,925)	(7,135,643)	(64,731,654)	24,276,660	7,099,056	18,607,724	-
Benefit payments	(6,617,104)	(6,552,738)	(6,106,165)	(5,297,909)	(5,240,707)	(5,290,924)	(4,878,401)	(4,514,188)
Net change in total OPEB liability	(16,787,407)	(18,735,979)	1,191,399	(59,841,685)	34,233,471	20,340,681	28,081,498	9,232,706
Total OPEB liability - beginning	195,963,238	214,699,217	213,507,818	273,349,503	239,116,032	218,775,351	190,693,853	181,461,147
Total OPEB liability - ending	<u>\$179,175,831</u>	<u>\$195,963,238</u>	<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>
Covered-employee payroll	\$ 65,056,244	\$ 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	275.42%	301.22%	348.60%	346.67%	444.38%	388.73%	367.78%	326.71%
Discount rate	4.80%	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 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
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 141,710,364
Add:		
Prior year's encumbrances		232,227
Original Budget		141,942,591
Budget revisions:		
Child Victim's Act legal settlements	\$ 40,000,000	
Voter approved of appropriation of capital reserve	2,167,000	
Appropriation of employee benefit accrued liability reserve	77,233	42,244,233
Final Budget		\$ 184,186,824

SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION

Subsequent fiscal year's voter approved budget		\$ 144,543,210
Maximum allowed (4% of the subsequent fiscal year's budget)		\$ 5,781,727
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 2,232,832	
Unassigned fund balance	8,031,727	
Total unrestricted fund balance		10,264,559
Less:		
Appropriated fund balance	\$ 1,700,000	
Encumbrances included in assigned fund balance	532,832	
Total adjustments		2,232,832
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law		\$ 8,031,727
Actual percentage		5.56%

**HERRICKS UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2025**

	Original Appropriation	Current Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Proceeds of Obligations	State Aid	Capital Reserve	Local Sources	Total	Fund Balance
			Prior Year's	Current Year	Total							
Bond 2016 (approved December 6, 2016):												
Window & Select Exterior Door Replacement (PHIII)												
SRA	\$ 66,600	\$ 511,000	\$ 12,337	\$ 54	\$ 12,391	\$ 498,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,391) *
Localized Masonry												
High School	-	-	41,595	(41,595)	-	-	-	-	-	-	-	-
Middle School	-	-	58,635	(58,635)	-	-	-	-	-	-	-	-
Community Center	258,352	586,996	579,177	-	579,177	7,819	579,177	-	-	-	579,177	-
HS Generator (PH V)	545,000	545,000	443,917	39,535	483,452	61,548	280,362	-	-	-	280,362	(203,090) *
Bond 2016 Total	<u>869,952</u>	<u>1,642,996</u>	<u>1,035,431</u>	<u>(60,641)</u>	<u>1,075,020</u>	<u>567,976</u>	<u>859,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>859,539</u>	<u>(215,481)</u>
Capital Reserves:												
CR 2014-15 Selective Interior Doors & Hardware												
SRA	2,504	33,728	33,406	-	33,406	322	-	-	33,730	-	33,730	324
Center St	5,604	121,728	98,592	-	98,592	23,136	-	-	121,728	-	121,728	23,136
Denton Ave	8,750	119,340	101,870	-	101,870	17,470	-	-	119,340	-	119,340	17,470
Searingtown	16,099	164,823	109,583	-	109,583	55,240	-	-	164,823	-	164,823	55,240
Community Ctr	17,101	134,730	98,462	-	98,462	36,268	-	-	134,730	-	134,730	36,268
High School	16,833	241,296	217,906	-	217,906	23,390	-	-	241,296	-	241,296	23,390
Middle School	43,939	206,453	147,620	-	147,620	58,833	-	-	193,135	-	193,135	45,515
CR 2014-15 Site Improvements												
SRA	11,494	176,574	171,945	-	171,945	4,629	-	-	176,574	-	176,574	4,629
Denton Ave	15,292	388,166	379,712	-	379,712	8,454	-	-	388,166	-	388,166	8,454
Searingtown	16,176	327,486	326,438	-	326,438	1,048	-	-	327,486	-	327,486	1,048
CR 2014-15 Site Improvements & Masonry												
Middle School	838,918	993,714	1,245,894	58,635	1,304,529	(310,815)	-	-	1,304,529	-	1,304,529	-
High School	1,790,112	1,714,297	1,375,205	41,595	1,416,800	297,497	-	-	1,416,800	-	1,416,800	-
CR 2014-15 CC and HS Boiler Replacements	19,694	19,694	-	-	-	19,694	-	-	19,694	-	19,694	19,694
CR 2019 HS Auditorium Renovation	1,208,145	1,208,145	1,071,742	94,387	1,166,129	42,016	-	-	1,208,145	-	1,208,145	42,016
CR 2019 CC and HS Boiler Replacements	2,147,306	2,147,306	-	-	-	2,147,306	-	-	2,147,306	-	2,147,306	2,147,306
Capital Reserves CR 2014-15 & CR 2019 Total	<u>6,172,967</u>	<u>8,375,072</u>	<u>5,755,968</u>	<u>194,617</u>	<u>5,950,585</u>	<u>2,424,487</u>	<u>-</u>	<u>-</u>	<u>8,375,074</u>	<u>-</u>	<u>8,375,074</u>	<u>2,424,489</u>
Budgetary Appopr 23/24 - Districtwide Renovations	1,020,000	1,055,000	1,029,432	25,568	1,055,000	-	-	-	-	1,055,000	1,055,000	-
Budgetary Appopr 24/25 - Districtwide Renovations	1,065,000	1,065,000	-	887,393	887,393	177,607	-	-	-	1,065,000	1,065,000	177,607
Smart Schools Bond Act - Technology	966,909	965,126	284,729	583,996	868,725	96,401	-	284,729	-	-	284,729	(583,996) **
Leases	-	69,126	-	69,126	69,126	-	69,126	-	-	-	69,126	-
Budgetary Appropriation Total	<u>3,051,909</u>	<u>3,154,252</u>	<u>1,314,161</u>	<u>1,566,083</u>	<u>2,880,244</u>	<u>274,008</u>	<u>69,126</u>	<u>284,729</u>	<u>-</u>	<u>2,120,000</u>	<u>2,473,855</u>	<u>(406,389)</u>
TOTAL	<u>\$ 10,094,828</u>	<u>\$ 13,172,320</u>	<u>\$ 8,105,560</u>	<u>\$ 1,700,059</u>	<u>\$ 9,905,849</u>	<u>\$ 3,266,471</u>	<u>\$ 928,665</u>	<u>\$ 284,729</u>	<u>\$ 8,375,074</u>	<u>\$ 2,120,000</u>	<u>\$ 11,708,468</u>	1,802,619

Transfers to general fund: (42,016)
\$ 1,760,603

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

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

**HERRICKS UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital assets, net		\$ 57,045,767	
Intangible lease assets, net		218,908	
Deduct:			
Capital-related accounts payable	\$ 24,508		
Capital-related bond anticipation note payable	1,545,000		
Short-term portion of bonds payable, inclusive of unamortized premium	1,205,744		
Long-term portion of bonds payable, inclusive of unamortized premium	14,240,090		
Short-term portion of lease liability	87,692		
Long-term portion of lease liability	138,212		
	<u>138,212</u>	<u>(17,241,246)</u>	
Net investment in capital assets		<u>\$ 40,023,429</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 fiscal year ended June 30, 2025, 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 10, 2025.

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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 10, 2025