

**NORTH MERRICK UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2026**

NORTH MERRICK UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
North Merrick Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the North Merrick Union Free School District (the "District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. 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 the District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of the changes in the District's total other post-employment benefits liability and related ratios 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 13, 2026, 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

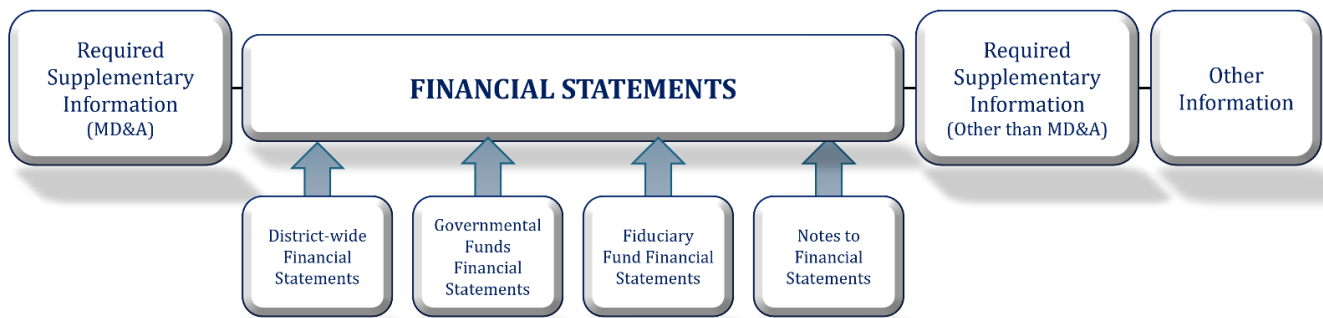
R.S. Abrams & Co., LLP
Islandia, New York
October 13, 2026

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The North Merrick Union Free School District's ("the District") discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2026 in comparison with the year ended June 30, 2025, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, required supplementary information, and other information, which immediately follow this section.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

B. Governmental Funds Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, lease liabilities, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

Fiduciary Fund

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

2. FINANCIAL SUMMARY AND DETAILED ANALYSIS

A. Net Position

The net position summary has been consolidated and reclassified from the prior year's presentation to align with the reporting format required by the implementation of GASB Statement No. 103. The District's total net position decreased by \$2,292,861 between fiscal years 2026 and 2025. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2026	2025	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 15,183,076	\$ 12,785,400	\$ 2,397,676	18.75 %
Capital Assets, Net	18,431,521	19,364,436	(932,915)	(4.82)%
Total Assets	<u>33,614,597</u>	<u>32,149,836</u>	<u>1,464,761</u>	4.56 %
Deferred Outflows of Resources	<u>20,020,773</u>	<u>21,025,148</u>	<u>(1,004,375)</u>	(4.78)%
Liabilities				
Current and Other Liabilities	3,993,299	3,394,375	598,924	17.64 %
Long-Term Liabilities	66,479,542	61,986,626	4,492,916	7.25 %
Total Liabilities	<u>70,472,841</u>	<u>65,381,001</u>	<u>5,091,840</u>	7.79 %
Deferred Inflows of Resources	<u>18,695,923</u>	<u>21,034,516</u>	<u>(2,338,593)</u>	(11.12)%
Net Position (Deficit)				
Net Investment in Capital Assets	9,915,730	9,668,367	247,363	2.56 %
Restricted	9,176,905	7,545,649	1,631,256	21.62 %
Unrestricted (Deficit)	<u>(54,626,029)</u>	<u>(50,454,549)</u>	<u>(4,171,480)</u>	8.27 %
Total Net Position (Deficit)	<u>\$ (35,533,394)</u>	<u>\$ (33,240,533)</u>	<u>\$ (2,292,861)</u>	6.90 %

The increase in current and other assets is primarily related to the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets – proportionate share, at the measurement date of the respective year. Restricted net position also increased, as a result of the growth in net pension assets.

The increase in long-term liabilities is primarily due to the increase in total OPEB liability of \$6,589,445 based on the actuarial valuation of the plan. This increase is offset by the repayment of current year bond principal in the amount of \$915,000, as well as, the decrease in the District's share of the New York State and Local Employees' Retirement System's (ERS) net pension liability – proportionate share.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements School Tax Relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 1,213,279	\$ 1,418,781	\$ (205,502)	(14.48)%
Operating Grants	2,155,062	1,567,673	587,389	37.47 %
Capital Grants	29,215	285,146	(255,931)	(89.75)%
General Revenues				
Property Taxes and STAR	26,891,496	26,141,735	749,761	2.87 %
State Sources	12,776,223	12,427,072	349,151	2.81 %
Other	896,642	682,642	214,000	31.35 %
Total Revenues	<u>43,961,917</u>	<u>42,523,049</u>	<u>1,438,868</u>	3.38 %
Expenses				
General Support	7,657,153	8,543,216	(886,063)	(10.37)%
Instruction	36,507,151	34,150,721	2,356,430	6.90 %
Pupil Transportation	851,638	836,430	15,208	1.82 %
Debt Service - Interest	314,369	340,733	(26,364)	(7.74)%
Food Service Program	924,467	609,756	314,711	51.61 %
Loss on disposal of assets	-	94,606	(94,606)	(100.00)%
Total Expenses	<u>46,254,778</u>	<u>44,575,462</u>	<u>1,679,316</u>	3.77 %
Change in Net Position	<u>\$ (2,292,861)</u>	<u>\$ (2,052,413)</u>	<u>\$ (240,448)</u>	11.72 %

The District's net position decreased by \$2,292,861 and \$2,052,413 for the years ended June 30, 2026 and 2025, respectively.

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

- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2025-2026 budget, negated by a decrease in STAR credit.
- Operating grants increased, as the District received greater reimbursement from the state for meals provided by the school food service.
- State sources increased, as a result of higher general aids and BOCES aid received by the District in 2025-2026.

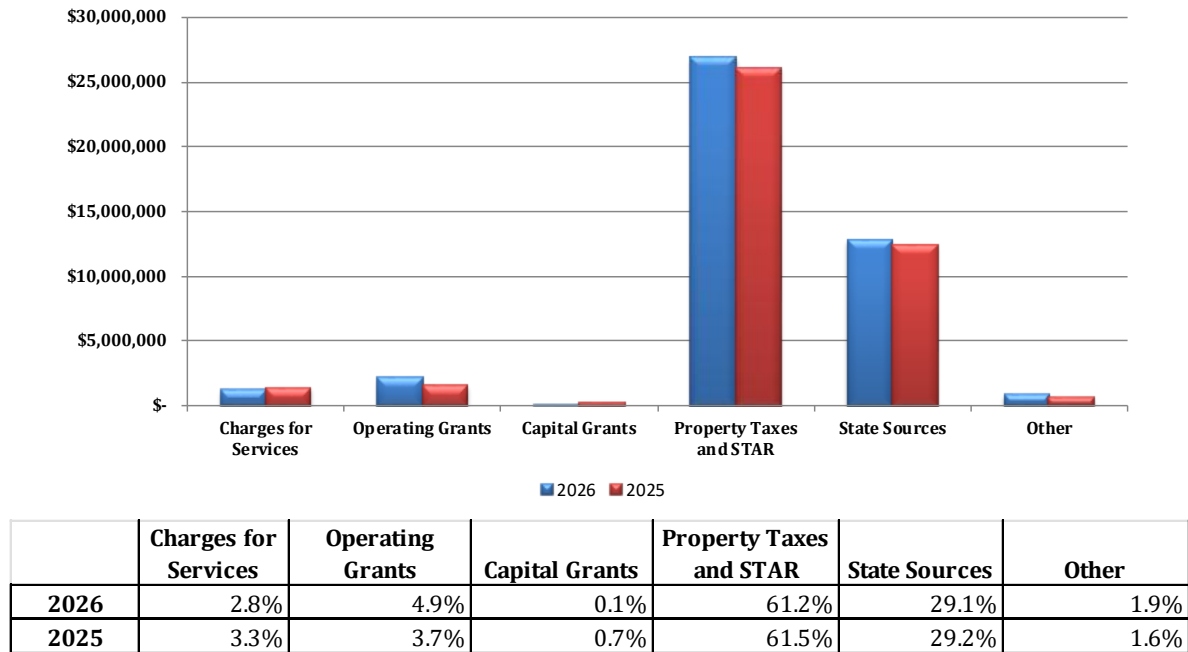
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Instruction expenses increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS, ERS, and OPEB costs, accompanied by routine salary and step increases.
- Food service program expenses increased, as a result of an increase in contractual and food costs associated with providing higher volumes of meals to students in the current year.

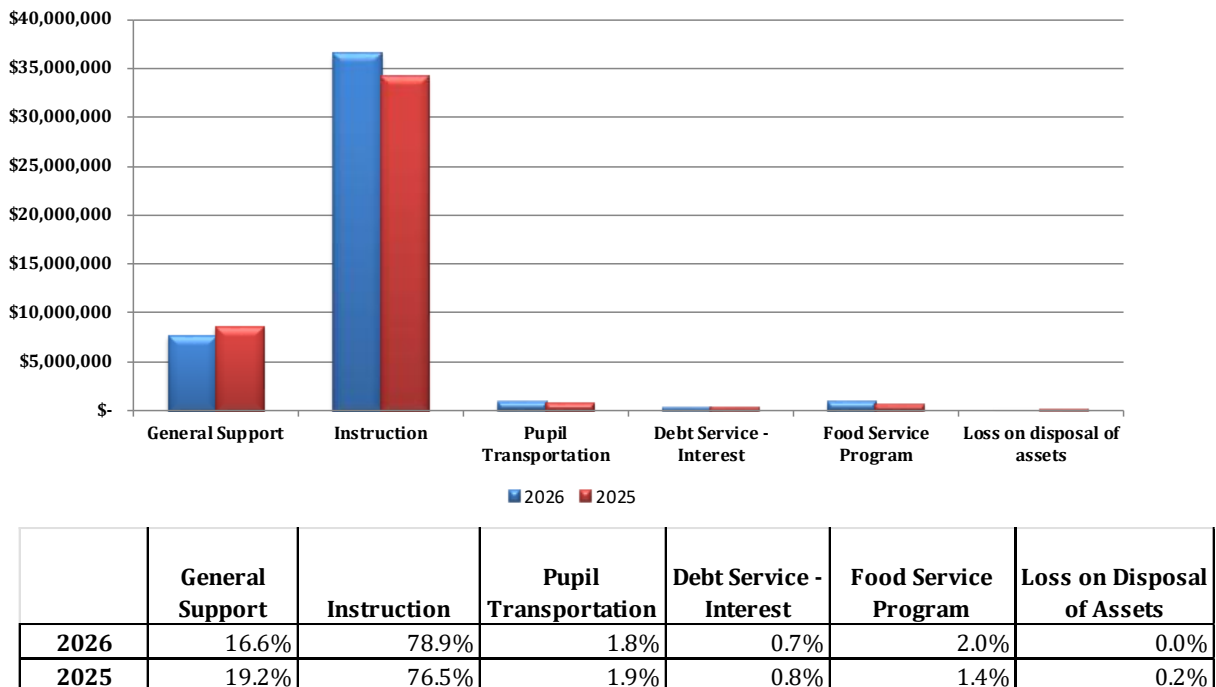
NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

As indicated on the graphs that follow, real property taxes and STAR are the largest component of revenues recognized (i.e., 61.2% and 61.5% of the total for the years 2026 and 2025, respectively). Instruction expenses are the largest category of expenses incurred (i.e., 78.9% and 76.5% of the total for the years 2026 and 2025, respectively).

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



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



NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

3. DETAILED ANALYSIS OF GOVERNMENTAL FUNDS

At June 30, 2026, the District's governmental funds reported a combined fund balance of \$6,006,061, which is a decrease of \$641,892 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund, is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepays	\$ 7,395	\$ 7,395	\$ -	0.00 %
Restricted:				
Unemployment insurance	69,330	69,330	-	0.00 %
Retirement contribution:				
Teachers' retirement system	200,000	311,896	(111,896)	(35.88)%
Employees' retirement system	835,294	1,516,879	(681,585)	(44.93)%
Insurance	155,690	154,635	1,055	0.68 %
Employee benefit accrued liability	1,093,853	1,202,034	(108,181)	(9.00)%
Capital	414,722	401,772	12,950	3.22 %
Assigned:				
Appropriated fund balance			-	N/A
Unappropriated fund balance	39,076	46,714	(7,638)	(16.35)%
Unassigned: Fund balance	1,605,387	1,705,551	(100,164)	(5.87)%
	<u>4,420,747</u>	<u>5,416,206</u>	<u>(995,459)</u>	<u>(18.38)%</u>
School Food Service Fund				
Nonspendable: Inventory	1,074	2,769	(1,695)	(61.21)%
Assigned: Unappropriated fund balance	202,591	102,713	99,878	97.24 %
	<u>203,665</u>	<u>105,482</u>	<u>98,183</u>	<u>93.08 %</u>
Debt Service Fund				
Restricted debt service	-	1,170	(1,170)	(100.00)%
Capital Projects Fund				
Restricted: Capital	1,321,629	1,355,646	(34,017)	(2.51)%
Assigned: Unappropriated fund balance	60,020	-	60,020	N/A
Unassigned: Fund balance (deficit)	-	(230,551)	230,551	(100.00)%
	<u>1,381,649</u>	<u>1,125,095</u>	<u>256,554</u>	<u>22.80 %</u>
 Total Fund Balance	 <u>\$ 6,006,061</u>	 <u>\$ 6,647,953</u>	 <u>\$ (641,892)</u>	 <u>(9.66)%</u>

A. General Fund

Fund Balance

The general fund – fund balance is a net decrease of \$995,459 or 18.38% compared to a decrease of \$1,077,375 in 2025. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year:

	2026	2025	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 26,891,496	\$ 26,141,735	\$ 749,761	2.87 %
Other Local Sources	1,909,273	1,655,375	253,898	15.34 %
State Sources	12,776,223	12,427,072	349,151	2.81 %
Medicaid Reimbursement	17,142	8,338	8,804	105.59 %
Other Financing Sources	1,170	191,849	(190,679)	(99.39)%
	<u>\$ 41,595,304</u>	<u>\$ 40,424,369</u>	<u>\$ 1,170,935</u>	2.90 %

- Property taxes were increased to fund additional appropriations in accordance with the 2025-2026 voter-approved budget, negated by a decrease in STAR credit.
- State sources increased due to more general aid, lottery aid, and BOCES aid.
- Other local sources increased due to the District receiving greater refunds from prior year BOCES surplus funds.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2026	2025	Increase (Decrease)	Percentage Change
General Support	\$ 5,978,970	\$ 5,720,593	\$ 258,377	4.52 %
Instruction	23,720,147	22,256,406	1,463,741	6.58 %
Pupil Transportation	760,553	735,861	24,692	3.36 %
Employee Benefits	10,302,723	9,607,892	694,831	7.23 %
Debt Service	1,467,267	1,480,434	(13,167)	(0.89)%
Other Financing Uses	361,103	1,700,558	(1,339,455)	(78.77)%
	<u>\$ 42,590,763</u>	<u>\$ 41,501,744</u>	<u>\$ 1,089,019</u>	2.62 %

- General support and instruction increased due to routine salary and step rises along with the growth in BOCES services.
- Other financing uses decreased in accordance with the voter-approved transfer from the capital reserve to the capital projects fund for capital improvements in the prior year.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

Restricted Fund Balance

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

	Balance June 30, 2025	Use of Reserves	Interest	Funding	Balance June 30, 2026
Unemployment insurance	\$ 69,330	\$	\$	\$	\$ 69,330
Retirement contribution:					
TRS	311,896	(200,000)		88,104	200,000
ERS	1,516,879	(681,585)			835,294
Insurance	154,635		1,055		155,690
EBAL	1,202,034	(108,181)			1,093,853
Capital					
2019	14,253		10,377		24,630
2025	387,519		2,573		390,092
	<u>\$ 3,656,546</u>	<u>\$ (989,766)</u>	<u>\$ 14,005</u>	<u>\$ 88,104</u>	<u>\$ 2,768,889</u>

Additional detail regarding capital reserves can be found in the "Fund Balance – Governmental Funds" Note.

Change in Unassigned Fund Balance

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues and other financing sources over expenditures and other financing uses, net of transfers to reserves, encumbrances, and amounts classified as nonspendable. The change in this balance, demonstrated through a comparison of the actual revenues and other financing sources, and expenditures and other financing uses for the year compared to budget, follows:

Opening, Unassigned Fund Balance	\$ 1,705,551
Revenues and Other Financing Sources Under Budget	(154,230)
Expenditures, Other Financing Uses, and Encumbrances Under Budget	163,905
Unused Appropriated Reserves	(7,730)
Allocation to Reserves	<u>(102,109)</u>
Closing, Unassigned Fund Balance	<u>\$ 1,605,387</u>

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to an increase in revenue from higher volume of meals provided to students offset by costs associated with its food service management company and food costs to provide the additional meals.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

C. Debt Service Fund

The District appropriated the remaining fund balance from the debt service fund to offset the debt service costs in the 2025-2026 school year. Accordingly, the debt service fund does not have any remaining fund balance at June 30, 2026.

D. Special Aid Fund

The special aid fund accounts for federal and state aid grants in which revenues and other financing sources equal expenditures and the fund balance is zero. Both revenues and other financing sources, and expenditures in the current year decreased by \$76,988 or 5.53% from the prior year. This is mainly due to the District receiving less federal grant revenues.

E. Capital Projects Fund

The capital projects fund - fund balance net increase is the result of the general fund budgeted transfers and grant revenue collected in the current year exceeding capital expenditures.

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

	Balance June 30, 2025	Use of Reserves	Funding	Balance June 30, 2026
2019 Capital Reserve	\$ 1,355,646	\$ (34,017)	\$ -	\$ 1,321,629

4. SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

A. Capital Assets

At June 30, 2026, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation/amortization of \$1,172,794 in excess of capital outlays and other additions of \$239,879 recorded for the year ended June 30, 2026. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Land	\$ 120,104	\$ 120,104	\$ -
Construction in progress	104,923	134,622	(29,699)
Buildings & building improvements	15,921,643	16,524,603	(602,960)
Site improvements	1,114,264	1,198,462	(84,198)
Furniture & equipment	793,416	797,566	(4,150)
Vehicles	31,997	38,746	(6,749)
Leased equipment and fixtures	345,174	550,333	(205,159)
Capital assets, net	<u>\$ 18,431,521</u>	<u>\$ 19,364,436</u>	<u>\$ (932,915)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

B. Debt Administration

At June 30, 2026, the District had combined total debt of \$8,418,681. The decreases in outstanding debt represent principal payments made throughout the year. A summary of the outstanding debt at June 30, 2026 and 2025, is as follows:

	Issue/ Commencement Date	Interest Rate	2026	2025	Increase (Decrease)
Bonds Payable					
Serial Bond	2017	3.00%	<u>\$ 8,060,000</u>	<u>\$ 8,975,000</u>	<u>\$ (915,000)</u>
Lease Liabilities					
Postage Machine -					
8031984 & 8031985	2/1/2022	0.71%	\$ 2,394	\$ 6,475	\$ (4,081)
Chromebooks - LOI 786969	9/9/2021	3.03%	1,654	11,401	(9,747)
Xerox Copier - LOI 807740	11/8/2021	0.55%	6,533	22,153	(15,620)
Xerox Copier - LOI 748284	9/18/2020	0.41%		1,185	(1,185)
Xerox Copier - LOI 858221	3/15/2023	0.10%	22,484	35,956	(13,472)
Xerox Copier - LOI 831651	6/1/2023	0.08%	3,580	5,446	(1,866)
Xerox Copier - LOI 833363	9/1/2022	4.28%	57,211	104,029	(46,818)
Chromebooks - LOI 868351	7/1/2023	6.50%	52,753	102,195	(49,442)
Chromebooks - LOI 927661	7/1/2024	3.75%	<u>212,072</u>	<u>277,632</u>	<u>(65,560)</u>
			<u>\$ 358,681</u>	<u>\$ 566,472</u>	<u>\$ (207,791)</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and total OPEB liability and net pension liabilities – proportionate share, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Compensated absences payable	\$ 3,725,731	\$ 3,554,357	\$ 171,374
Total OPEB liability	53,669,155	47,079,710	6,589,445
Net pension liabilities - proportionate share	<u>569,499</u>	<u>1,689,079</u>	<u>(1,119,580)</u>
	<u>\$ 57,964,385</u>	<u>\$ 52,323,146</u>	<u>\$ 5,641,239</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, was approved by 66% of the voters on May 19, 2026.

The District increased budgeted revenues other than property taxes and STAR over the prior year's estimate, which is principally due to an estimated increase in state aid. Additionally, the District has elected to increase the amount of appropriated reserves towards the next year's budget. A property tax increase was needed to meet the funding shortfall and cover the increase in appropriations. The following is a summary of these changes:

	2026	2027	Change
Property Taxes & STAR	\$ 26,894,878	\$ 27,576,551	\$ 681,673
State Aid	13,057,525	13,906,402	848,877
Appropriated Reserves	889,315	927,000	37,685
Other Revenues	1,797,131	1,873,290	76,159
Adopted Budget	\$ 42,638,849	\$ 44,283,243	\$ 1,644,394
<i>Change in Budget</i>	<i>3.51%</i>	<i>3.86%</i>	
Change in Tax Levy	2.87%	2.53%	
Tax Levy Limit	\$ 26,894,878	\$ 27,576,551	
Over/(Under) limit	-	-	
Property tax cap	2.87%	2.53%	

B. Tax Cap

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% plus additional statutory adjustments to the tax levy limit, or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting a budget to the voters, which requires a tax levy that exceeds the statutory limit; however, that budget must be approved by at least 60% of the votes cast. The District's 2026-2027 property tax increase was within New York State tax cap regulations.

C. Future Budgets

Factors to consider that could influence future budgets:

- Uncertainty with state aid complicates long-range planning.
- Rise in employee cost centers of employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- The combination of high inflation and high-interest rates can impact all lines of the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

D. State Budget Enacted

- Tier 6 Reform: Effective October 1, 2026, New York State and Local Retirement System (NYSLRS) Tier 6 members making over \$45,000 will see a reduction in retirement contribution rates. Additionally, the overtime ceiling used in calculating final average salary will increase to \$30,000 starting January 1, 2027. The reform package excludes overtime from contribution rates calculations through March 31, 2028.
- Education Aid: Total increases include a guaranteed minimum 2% in Foundation Aid increase for every district. In addition, the zero-emission school bus purchase mandate was delayed from 2027 to 2032.

CONTACTING THE DISTRICT

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

Ms. Marie Donnelly
Assistant Superintendent for Business & Operations
North Merrick Union Free School District
1057 Merrick Avenue
North Merrick, New York 11566

NORTH MERRICK UNION FREE SCHOOL DISTRICT

Statement of Net Position

June 30, 2026

ASSETS

Cash	
Unrestricted	\$ 3,391,851
Restricted	3,997,704
Receivables	
Taxes receivable	301,810
Accounts receivable	12,603
Due from state and federal	1,809,937
Due from other governments	574,315
Prepays	7,395
Inventory	1,074
Capital assets:	
Not being depreciated	225,027
Being depreciated/amortized, net of accumulated depreciation/amortization	18,206,494
Net pension asset - proportionate share	5,086,387
Total Assets	<u>33,614,597</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	7,237,307
Other postemployment benefits	12,783,466
Total Deferred Outflows of Resources	<u>20,020,773</u>

LIABILITIES

Payables	
Accounts payable	1,590,879
Accrued liabilities	191,293
Due to other governments	11,697
Due to teachers' retirement system	1,766,503
Due to employees' retirement system	187,250
Compensated absences payable	25,584
Other liabilities	206,828
Unearned credits	
Collections in advance	13,265
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	967,744
Lease liabilities	195,610
Total other postemployment benefits liability	1,408,339
Due and payable after one year	
Bonds payable, net	7,188,732
Lease liabilities	163,071
Compensated absences payable	3,725,731
Total other postemployment benefits liability	52,260,816
Net pension liabilities - proportionate share	569,499
Total Liabilities	<u>70,472,841</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	5,190,123
Other postemployment benefits	13,505,800
Total Deferred Inflows of Resources	<u>18,695,923</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>9,915,730</u>
Restricted:	
Governmental	4,090,518
Pension	5,086,387
	<u>9,176,905</u>
Unrestricted (deficit)	<u>(54,626,029)</u>
Total Net Position (Deficit)	<u>\$ (35,533,394)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2026

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 7,657,153	\$	\$	\$ 29,215	\$ (7,627,938)
Instruction	36,507,151	1,030,341	1,295,092		(34,181,718)
Pupil transportation	851,638				(851,638)
Debt service - interest	314,369				(314,369)
Food service program	924,467	182,938	859,970		118,441
Total Functions and Programs	<u>\$ 46,254,778</u>	<u>\$ 1,213,279</u>	<u>\$ 2,155,062</u>	<u>\$ 29,215</u>	<u>(42,857,222)</u>
GENERAL REVENUES					
Real property taxes					25,421,124
Other tax items					1,839,966
Use of money and property					204,618
Sale of property and compensation for loss					24,682
Miscellaneous					280,606
State sources					12,776,223
Medicaid reimbursement					17,142
Total General Revenues					<u>40,564,361</u>
Change in Net Position					(2,292,861)
Total Net Position (Deficit) - Beginning of Year					<u>(33,240,533)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (35,533,394)</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 2,689,782	\$ 153,456	\$ 133,651	\$	\$ 414,962	\$ 3,391,851
Restricted	2,676,075				1,321,629	3,997,704
Receivables						
Taxes receivable	301,810					301,810
Accounts receivable	12,603					12,603
Due from other funds	2,080,346	189,513	8,657			2,278,516
Due from state and federal	655,854	858,783	157,671		137,629	1,809,937
Due from other governments	574,315					574,315
Prepays	7,395					7,395
Inventory			1,074			1,074
Total Assets	<u>\$ 8,998,180</u>	<u>\$ 1,201,752</u>	<u>\$ 301,053</u>	<u>\$ -</u>	<u>\$ 1,874,220</u>	<u>\$ 12,375,205</u>
LIABILITIES						
Payables						
Accounts payable	\$ 1,438,800	\$ 74,129	\$ 77,316	\$	\$ 634	\$ 1,590,879
Accrued liabilities	143,838	528	6,627			150,993
Due to other funds	796,933	1,127,095	180		354,308	2,278,516
Due to other governments	11,697					11,697
Due to teachers' retirement system	1,766,503					1,766,503
Due to employees' retirement system	187,250					187,250
Compensated absences payable	25,584					25,584
Other liabilities	206,828					206,828
Unearned credits						
Collections in advance			13,265			13,265
Total Liabilities	<u>4,577,433</u>	<u>1,201,752</u>	<u>97,388</u>	<u>-</u>	<u>354,942</u>	<u>6,231,515</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue					137,629	137,629
FUND BALANCES						
Nonspendable	7,395		1,074			8,469
Restricted	2,768,889				1,321,629	4,090,518
Assigned	39,076		202,591		60,020	301,687
Unassigned	1,605,387					1,605,387
Total Fund Balances	<u>4,420,747</u>	<u>-</u>	<u>203,665</u>	<u>-</u>	<u>1,381,649</u>	<u>6,006,061</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,998,180</u>	<u>\$ 1,201,752</u>	<u>\$ 301,053</u>	<u>\$ -</u>	<u>\$ 1,874,220</u>	<u>\$ 12,375,205</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the District-wide Statement of Net Position

June 30, 2026

Total Governmental Fund Balances	\$ 6,006,061
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and the right-to-use capital and intangible assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are depreciated/amortized annually over their useful lives.

Original cost or present value of capital and intangible assets	\$ 30,345,281	
Less: Accumulated depreciation/amortization	<u>(11,913,760)</u>	18,431,521

Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or assets and liabilities and are not reported in the funds.

Deferred outflows of resources	7,237,307	
Net pension asset - teachers' retirement system	5,086,387	
Net pension liability - employees' retirement system	(569,499)	
Deferred inflows of resources	<u>(5,190,123)</u>	6,564,072

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	12,783,466	
Total other postemployment benefits liability	(53,669,155)	
Deferred inflows of resources	<u>(13,505,800)</u>	(54,391,489)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

137,629

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

Accrued interest on long-term debt	(40,300)	
Bonds payable, net	(8,156,476)	
Lease liabilities	(358,681)	
Compensated absences payable	<u>(3,725,731)</u>	(12,281,188)

Total Net Position (Deficit)	<u><u>\$ (35,533,394)</u></u>
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NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 25,421,124	\$	\$	\$	\$	\$ 25,421,124
Other tax items	1,839,966					1,839,966
Charges for services	1,030,341					1,030,341
Use of money and property	204,050		568			204,618
Sale of property and compensation for loss	24,682					24,682
Miscellaneous	280,606		11		103,031	383,648
State sources	12,776,223	900,627	638,701		44,215	14,359,766
Medicaid reimbursement	17,142					17,142
Federal sources		394,465	221,269			615,734
Sales			182,927			182,927
Total Revenues	41,594,134	1,295,092	1,043,476	-	147,246	44,079,948
EXPENDITURES						
General support	5,978,970					5,978,970
Instruction	23,720,147	1,309,239				25,029,386
Pupil transportation	760,553	81,956				842,509
Employee benefits	10,302,723					10,302,723
Debt service						
Principal	1,122,791					1,122,791
Interest	344,476					344,476
Food service program			945,293			945,293
Capital outlay					155,692	155,692
Total Expenditures	42,229,660	1,391,195	945,293	-	155,692	44,721,840
Excess (Deficiency) of Revenues Over Expenditures	(635,526)	(96,103)	98,183	-	(8,446)	(641,892)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in	1,170	96,103			265,000	362,273
Operating transfers (out)	(361,103)			(1,170)		(362,273)
Total Other Financing Sources and (Uses)	(359,933)	96,103	-	(1,170)	265,000	-
Net Change in Fund Balances	(995,459)	-	98,183	(1,170)	256,554	(641,892)
Fund Balances - Beginning of Year	5,416,206	-	105,482	1,170	1,125,095	6,647,953
End of Year	\$ 4,420,747	\$ -	\$ 203,665	\$ -	\$ 1,381,649	\$ 6,006,061

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the District-wide Statement of Activities
For the Year Ended June 30, 2026

Net Change in Fund Balances	\$ (641,892)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	\$ (118,031)
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Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable	<u>(171,374)</u>
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<u>Capital Related Differences</u>	(289,405)
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Capital outlays to purchase, build, or the right-to-use capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which depreciation/amortization expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions	239,879
Depreciation/amortization expense	<u>(1,172,794)</u>
	(932,915)

Long-Term Debt Transaction Differences

The amortization of deferred premium on bond issuance decreases interest expense in the Statement of Activities.	25,532
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bonds payable	915,000
Lease liabilities	207,791

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2025 to June 30, 2026.

	<u>4,575</u>
	1,152,898

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	1,873,307
Employees' retirement system	(18,668)
Other postemployment benefits	<u>(3,436,186)</u>
	<u>(1,581,547)</u>

Change in Net Position (Deficit) of Governmental Activities	<u><u>\$ (2,292,861)</u></u>
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NORTH MERRICK UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2026

	<u>Custodial</u>
ASSETS	
Due from other governments	\$ 282,843
LIABILITIES	
Due to other governments	<u>282,843</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2026

	<u>Custodial</u>
ADDITIONS	
Real property taxes and PILOT collected for other governments:	
Central High School District	\$ 22,122,687
Library	<u>3,202,779</u>
Total Additions	25,325,466
DEDUCTIONS	
Disbursements of real property taxes and PILOT to other governments	<u>25,325,466</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

C. Basis of Presentation

District-Wide Financial Statements

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

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

Governmental Funds Financial Statements

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

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

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

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

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

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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

Custodial Fund – is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Charges for services are recognized in the year the services are provided.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, compensated absences, workers’ compensation, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

E. Real Property Taxes and Other Tax Items

Calendar

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

The District also levies the real property taxes for the Bellmore-Merrick Central High School District (CHSD) and North Merrick Library (the Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library and CHSD as received from the Town. These pass-through amounts are not included in the District's real property tax revenues, but are accounted for in the custodial fund.

Enforcement

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

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenue.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. The District's PILOT revenues includes payments from the Long Island Power Authority (LIPA) remitted by Nassau County. In response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act"), certain properties owned by LIPA were removed from the assessment and tax rolls and, instead, allowed LIPA to make payments instead of property taxes. These LIPA payments are not a result of tax abatement agreements as defined by GASB, but were designed to compensate local taxing jurisdictions for property tax revenue lost due to LIPA's tax-exempt status.

PILOT revenues collected on behalf of the CHSD and the Library are remitted to the CHSD and the Library. These pass-through amounts are not included in the District's other tax items revenue; however, the amounts are recorded within the custodial fund.

G. Restricted Resources

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from date of acquisition.

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

K. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the governmental funds financial statements.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

L. Inventory and Prepaid Items

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for using the consumption method.

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory and/ or prepaid item is recorded at the time of receipt and/or purchase and an expenditure is reported in the year the goods or services are consumed.

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

M. Capital and Intangible Assets

The district-wide financial statements report both capital and intangible assets, such as right-to-use leased assets. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation. Intangible assets are reported based on the estimated lease liability calculated in accordance with GASB standards.

All capital and intangible assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings & building improvements	\$ 15,000	50 years
Site improvements	15,000	20 years
Furniture & equipment	2,500	5-20 years
Vehicles	2,500	8 years
Leased equipment and fixtures	2,500	4 years

N. Deferred Outflows of Resources

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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.

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date, including salary-related payments, such as social security and Medicare taxes.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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

R. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting as set forth by GASB.

S. Long-Term Debt

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

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

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

T. Lease Liabilities

At commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term; the intangible right-to-use lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of lease payments made and the intangible lease asset is amortized on a straight-line basis over the term of the lease agreement.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

U. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This consists of receivables for capital grants. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item, reported in the Statement of Net Position, is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

V. Equity Classifications

District-Wide Statements

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

Net investment in capital assets – Consists of net capital and intangible assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use those assets.

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

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

Governmental Funds Statements

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

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited 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 TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Insurance Reserve

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

Employee Benefit Accrued Liability Reserve

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Capital Reserve

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

Restricted for Debt

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

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

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

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned, or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2. ADOPTION OF GASB STATEMENTS

For the year ended June 30, 2026, the District adopted the following GASB Statements, which had no restatements of opening balances in connection with the implementation of these standards.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued to improve 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. This Statement also addresses certain application issues.

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 leased assets, intangible right-to-use assets, and assets held for sale.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set U.S. GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but includes the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2027	GASB No. 105 – <i>Subsequent Events</i>

GASB Statement No. 105 was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events, and by specifying the information items that are required to be disclosed about subsequent events.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUNDS STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental funds statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, long-term assets and liabilities, and deferred inflows of resources.

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Long-Term Revenue and Expense Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental funds statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the acquisition or financing of capital items in the governmental funds statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the governmental funds statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District’s proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The District appropriated an additional \$108,181 during the year for unanticipated retirement payments funded by the employee benefit accrued liability reserve.

Budgets are adopted annually on a basis consistent with U.S. GAAP, and are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

C. Unrestricted Net Position Deficit

As of June 30, 2026, the governmental activities reported a deficit in unrestricted net position of \$54,626,029. 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 liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a "pay as you go" basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

7. PARTICIPATION IN BOCES

During the year ended June 30, 2026, the District was billed \$2,650,168 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,010,532. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2026, consisted of:

General Fund	
New York State - excess cost aid	\$ 196,437
BOCES aid	459,417
	<u>655,854</u>
Special Aid Fund	
State and federal grants	858,783
School Food Service Fund	
State and federal food service program reimbursements	157,671
Capital Projects Fund	
Federal and state grants	<u>137,629</u>
	<u>\$ 1,809,937</u>

District management expects these amounts to be fully collectible.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2026, consisted of:

General Fund	
Other districts - tuition	\$ 508,184
Library levy	37,564
Other districts - health services	14,719
Child care and rent	8,962
Other districts - budget vote	4,886
	<u>\$ 574,315</u>

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

A. Changes

Capital assets balances and activity for the year ended June 30, 2026, were as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 120,104	\$	\$	\$ 120,104
Construction in progress	134,622	155,691	(185,390)	104,923
Total capital assets not being depreciated	254,726	155,691	(185,390)	225,027
Capital assets being depreciated/amortized:				
Buildings & building improvements	24,578,880	185,390		24,764,270
Site improvements	2,324,599			2,324,599
Furniture & equipment	1,426,914	84,188		1,511,102
Vehicles	179,284			179,284
Leased equipment and fixtures	1,340,999			1,340,999
Total capital assets being depreciated/amortized	29,850,676	269,578	-	30,120,254
Less accumulated depreciation & amortization for:				
Buildings & building improvements	8,054,277	788,350		8,842,627
Site improvements	1,126,137	84,198		1,210,335
Furniture & equipment	629,348	88,338		717,686
Vehicles	140,538	6,749		147,287
Leased equipment and fixtures	790,666	205,159		995,825
Total accumulated depreciation/ amortization	10,740,966	1,172,794	-	11,913,760
Total capital assets being depreciated/amortized, net	19,109,710	(903,216)	-	18,206,494
Capital assets, net	<u>\$ 19,364,436</u>	<u>\$ (747,525)</u>	<u>\$ (185,390)</u>	<u>\$ 18,431,521</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 40,692
Instruction	1,127,592
Food service program	<u>4,510</u>
Total depreciation/amortization expense	<u>\$ 1,172,794</u>

B. Lease Assets

The District has entered into various lease arrangements whose terms vary between 4 and 5 years with discount rates ranging from 0.08% to 6.50%. These leases are included in leased equipment and fixtures in the previous table. The District has not provided any residual value guarantees related to these leased capital assets. The District is not aware of any impairments for lease assets.

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital or intangible assets to determine whether impairment of a capital or intangible 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, 2026, the District has not recorded any such impairment losses.

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2026, were as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 2,080,346	\$ 796,933	\$ 1,170	\$ 361,103
Special Aid Fund	189,513	1,127,095	96,103	
School Food Service Fund	8,657	180		
Debt Service Fund				1,170
Capital Projects Fund		354,308	265,000	
	<u>\$ 2,278,516</u>	<u>\$ 2,278,516</u>	<u>\$ 362,273</u>	<u>\$ 362,273</u>

The District typically transfers from the general fund to the special aid fund for the District's share of the costs of the summer program for students with disabilities and the section 4201 program. The transfer to the capital projects fund was for voter-approved transfers to provide funding for capital improvement projects. The transfer from the debt service fund to the general fund represents the appropriated debt service approved by the voters to fund the 2025-2026 budget.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

12. SHORT-TERM DEBT

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2025</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2026</u>
TAN	5/28/2026	4.00%	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town. Interest on short-term debt for the year was \$57,556. The District received a premium of \$14,680, which is included in miscellaneous revenue in the general fund. The effective interest rate was 2.9798%.

13. LONG-TERM LIABILITIES

A. Changes

At June 30, 2026, the long-term liabilities schedule was updated to include the District's proportionate share of the net pension liability. Long-term liabilities balances and activities for the year are summarized below:

	<u>Balance June 30, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2026</u>	<u>Amounts Due Within One Year</u>
Long-term debt:					
Bonds payable	\$ 8,975,000	\$ -	\$ (915,000)	\$ 8,060,000	\$ 945,000
Premium on obligation	122,008		(25,532)	96,476	22,744
	<u>9,097,008</u>	<u>-</u>	<u>(940,532)</u>	<u>8,156,476</u>	<u>967,744</u>
Lease liabilities	566,472		(207,791)	358,681	195,610
Other long-term liabilities:					
Compensated absences	3,554,357	171,374	-	3,725,731	-
Total OPEB liability	47,079,710	7,997,784	(1,408,339)	53,669,155	1,408,339
Net pension liability - proportionate share	<u>1,689,079</u>		<u>(1,119,580)</u>	<u>569,499</u>	
	<u>\$ 61,986,626</u>	<u>\$ 8,169,158</u>	<u>\$ (3,676,242)</u>	<u>\$ 66,479,542</u>	<u>\$ 2,571,693</u>

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

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable.

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information. For net pension liability - proportionate share, see "Pension Plans - New York State" Note for additional information.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Serial bond - Improvements to facilities	5/18/2017	5/1/2034	3.00%	<u>\$ 8,060,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2027	\$ 945,000	\$ 241,800	\$ 1,186,800
2028	975,000	213,450	1,188,450
2029	1,010,000	184,200	1,194,200
2030	1,040,000	153,900	1,193,900
2031	1,075,000	122,700	1,197,700
2032 - 2034	<u>3,015,000</u>	<u>170,400</u>	<u>3,185,400</u>
Total	<u>\$ 8,060,000</u>	<u>\$ 1,086,450</u>	<u>\$ 9,146,450</u>

C. Remedies Upon Default in Bonds Payments

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.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

D. Premium on Obligation

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

Year Ending June 30,	Amortization of Premium
2027	\$ 22,744
2028	19,866
2029	16,891
2030	13,819
2031	10,649
2032 - 2034	<u>12,507</u>
Total	<u><u>\$ 96,476</u></u>

E. Lease Liabilities

Lease liabilities is comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Postage Machine - 8031984 & 8031985	2/1/2022	1/1/2027	0.71%	\$ 2,394
Chromebooks - LOI 786969	9/9/2021	8/9/2026	3.03%	1,654
Xerox Copier - LOI 807740	11/8/2021	11/8/2026	0.55%	6,533
Xerox Copier - LOI 858221	3/15/2023	3/15/2028	0.10%	22,484
Xerox Copier - LOI 831651	6/1/2023	6/1/2028	0.08%	3,580
Xerox Copier - LOI 833363	9/1/2022	8/31/2027	4.28%	57,211
Chromebooks - LOI 868351	7/1/2023	6/1/2027	6.50%	52,753
Chromebooks - LOI 927661	7/1/2024	6/1/2029	3.75%	<u>212,072</u>
				<u><u>\$ 358,681</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2027	\$ 195,610	\$ 9,494	\$ 205,104
2028	89,717	3,979	93,696
2029	<u>73,354</u>	<u>1,265</u>	<u>74,619</u>
Total	<u><u>\$ 358,681</u></u>	<u><u>\$ 14,738</u></u>	<u><u>\$ 373,419</u></u>

There were no additional lease commitments entered into by the District after June 30, 2026.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

F. Interest Expense

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

Interest paid	\$ 286,920
Less interest accrued in the prior year	(44,875)
Plus interest accrued in the current year	40,300
Less amortization of deferred premiums	<u>(25,532)</u>
Total interest expense on long-term debt	<u>\$ 256,813</u>

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

C. Funding Policies

Chapter 58 of the Laws of 2026 amended the New York State Tier 6 benefits structures by lowering employee contribution rates effective October 1, 2026, increasing pensionable overtime caps effective January 1, 2027, for ERS, and reducing the unreduced retirement age from 63 to 58 for TRS members with 30 years of service effective April 1, 2026.

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.11% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 15.04% of covered payroll for the ERS' fiscal year ended March 31, 2026.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026, was \$1,608,996 for TRS at the contribution rate of 9.59% and \$681,585 for ERS at an average contribution rate of 11.89%.

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

At June 30, 2026, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2025, for TRS and March 31, 2026 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS systems in reports provided to the District.

	TRS	ERS
	June 30, 2025	March 31, 2026
Measurement date		
District's proportionate share of the net pension asset/(liability)	\$ 5,086,387	\$ (569,499)
District's portion of the Plan's net pension liability	0.085903%	0.0100944%
Change in proportion since the prior measurement date	0.001030	0.0002431

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2026, the District recognized a pension credit of \$253,742 for TRS and a pension expense of \$707,941 for ERS. At June 30, 2026, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 2,666,401	\$ 325,901	\$	\$
Changes of assumptions	2,013,542	97,758	54,840	
Net difference between projected and actual earnings on pension plan investments			3,972,456	1,021,143
Changes in proportion and differences between the District's contributions and proportionate share of contributions	104,948	232,511	91,454	50,230
District contributions subsequent to the measurement date	<u>1,608,996</u>	<u>187,250</u>		
Total	<u>\$ 6,393,887</u>	<u>\$ 843,420</u>	<u>\$ 4,118,750</u>	<u>\$ 1,071,373</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense, as follows:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2027	\$ 2,574,990	\$ 277,106
2028	(1,073,969)	(315,061)
2029	(1,128,413)	(175,385)
2030	(235,197)	(201,863)
2031	436,150	
Thereafter	<u>92,580</u>	
	<u>\$ 666,141</u>	<u>\$ (415,203)</u>

Actuarial Assumptions

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2025	March 31, 2026
Actuarial valuation date	June 30, 2024	April 1, 2025
Inflation	2.50%	2.90%
Salary increases	2.04 - 5.80%	5.20%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.40%	1.50%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021 for June 30, 2025, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For TRS, the demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024. TRS runs one year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For full details, please refer to the Recommended Actuarial Assumptions 2025 Report, which can be found on the TRS' website located at www.nystrs.org.

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

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Demographic assumptions used in the April 1, 2025 actuarial valuation are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on system experience over the period April 1, 2020 – March 31, 2025.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2025		March 31, 2026
Asset class				
Domestic equity	33.0%	6.70%	25.0%	3.29%
International equity	15.0%	7.40%	14.0%	5.85%
Global equity	4.0%	7.00%		
Real estate equity	11.0%	6.50%	12.0%	5.20%
Private equity	9.0%	9.80%	15.0%	7.00%
Alternative investments			11.0%	5.10-5.54%
Domestic fixed income	16.0%	2.60%		
High-yield bonds	1.0%	4.70%		
Global bonds	2.0%	2.40%		
Fixed income			22.0%	1.75%
Private debt	2.0%	6.10%		
Real estate debt	6.0%	3.80%		
Cash equivalents	1.0%	0.60%		
Cash			1.0%	0.25%
	100.0%		100.0%	

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Real rates of return are net of a long-term inflation assumption of 2.5% for TRS and 2.9% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
District's proportionate share of the net pension asset/(liability)	\$ (9,773,557)	\$ 5,086,387	\$ 17,590,257
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset/(liability)	\$ (3,889,523)	\$ (569,499)	\$ 2,206,188

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2025	March 31, 2026
Employers' total pension liability	\$ (148,272,069)	\$ (253,773,040)
Plan fiduciary net position	154,193,125	248,131,290
Employers' net pension asset/(liability)	\$ 5,921,056	\$ (5,641,750)
Ratio of plan fiduciary net position to the employers' total pension liability	103.99 %	97.78%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026, are paid to the system in September, October, and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026, represent employer and employee contributions for the fiscal year ended June 30, 2026, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2026 amounted to \$1,608,996 of employer contributions and \$157,507 of employee contributions, which were included in due to teachers' retirement system.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2026, represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to \$187,250 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS – OTHER

- A. The District has adopted a §403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2026 totaled \$108,181 and \$998,071, respectively.
- B. The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2026 totaled \$99,622.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Employees Covered by Benefit Terms – At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees, spouses, or beneficiaries currently receiving benefits	150
Active employees	<u>238</u>
	<u><u>388</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$53,669,155 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.40%	
Discount rate	4.67%	
Healthcare cost trend rates	5.90%	decreasing to an ultimate rate of 3.80% over 48 years
Retirees' share of benefit-related costs	25% - 100%	of projected health insurance premiums for retirees

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

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. The assumption includes a margin for future improvements in longevity.

C. Changes in the Total OPEB Liability

Balance at June 30, 2025	<u>\$ 47,079,710</u>
Changes for the year	
Service cost	1,757,714
Interest on total OPEB liability	2,503,393
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	3,736,677
Benefit payments	<u>(1,408,339)</u>
	<u>6,589,445</u>
Balance at June 30, 2026	<u><u>\$ 53,669,155</u></u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

As of the June 30, 2026 measurement date, the following actuarial assumption were changed:

- The discount rate used for the valuation was changed from 5.20% as of June 30, 2025 to 4.67% as of June 30, 2026.

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 (3.67%) or 1 percentage point higher (5.67%) than the current discount rate:

OPEB	1% Decrease 3.67%	Discount Rate 4.67%	1% Increase 5.67%
Total OPEB Liability	<u>\$(61,926,982)</u>	<u>\$(53,669,155)</u>	<u>\$(46,932,223)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.90%-2.80%) or 1 percentage point higher (6.90%-4.8%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.90% decreasing to 2.80%	Healthcare Cost Trend Rates 5.90% decreasing to 3.80%	1% Increase 6.90% decreasing to 4.80%
Total OPEB liability	<u>\$(45,324,005)</u>	<u>\$(53,669,155)</u>	<u>\$(64,232,881)</u>

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

For the year ended June 30, 2026, the District recognized OPEB expense of \$4,844,525. At June 30, 2026, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,322,393	\$ 2,463,826
Changes of assumptions or other inputs	<u>8,461,073</u>	<u>11,041,974</u>
Total	<u>\$ 12,783,466</u>	<u>\$ 13,505,800</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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

Year Ending June 30,	Amount
2027	\$ (335,371)
2028	(934,854)
2029	61,584
2030	163,675
2031	110,938
Thereafter	211,694
	<u>\$ (722,334)</u>

17. DEFERRED INFLOWS OF RESOURCES

In the governmental funds financial statement as deferred inflows of resources, at June 30, 2026, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2026, total \$137,629.

18. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

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

The District participates in the Nassau County Schools Cooperative Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2026, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$19,236,126 at a 2% discount rate. The Workers' Compensation Plan has assets of \$31,314,518 to pay these liabilities. At June 30, 2026, the District's open claims, discounted at 2% are \$478,402.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

19. FUND BALANCE – GOVERNMENTAL FUNDS

A. Fund Balance

The following is a summary of fund balance classifications by fund

	General	School Food Service	Capital Projects	Total Governmental Funds
Nonspendable:				
Prepays	\$ 7,395	\$	\$	\$ 7,395
Inventory		1,074		1,074
	<u>7,395</u>	<u>1,074</u>	<u>-</u>	<u>8,469</u>
Restricted:				
Unemployment insurance	69,330			69,330
Retirement contribution:				
TRS	200,000			200,000
ERS	835,294			835,294
Insurance	155,690			155,690
EBAL	1,093,853			1,093,853
Capital	414,722		1,321,629	1,736,351
	<u>2,768,889</u>	<u>-</u>	<u>1,321,629</u>	<u>4,090,518</u>
Assigned:				
Unappropriated FB	39,076	202,591	60,020	301,687
Unassigned: FB	1,605,387	-	-	1,605,387
Total Fund Balance	<u>\$ 4,420,747</u>	<u>\$ 203,665</u>	<u>\$ 1,381,649</u>	<u>\$ 6,006,061</u>

B. Restricted For Capital Reserve

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

Date Created	May 2019	May 2025	
Number of Years to Fund	10	10	
Maximum Funding	<u>\$ 3,000,000</u>	<u>\$ 10,000,000</u>	
			<u>Total</u>
General Fund			
Funding Provided	\$ 1,324,510	\$ 387,519	\$ 1,712,029
Interest Earnings	55,766	2,573	58,339
Use of Reserve	<u>(1,355,646)</u>	<u></u>	<u>(1,355,646)</u>
Total General Fund	<u>24,630</u>	<u>390,092</u>	<u>414,722</u>
Capital Projects Fund			
Funding Provided	1,355,646		1,355,646
Use of Reserve	<u>(34,017)</u>	<u></u>	<u>(34,017)</u>
Total Capital Projects Fund	<u>1,321,629</u>	<u>-</u>	<u>1,321,629</u>
Balance as of June 30, 2026	<u>\$ 1,346,259</u>	<u>\$ 390,092</u>	<u>\$ 1,736,351</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

20. FUND BALANCE APPROPRIATED FOR THE 2026-2027 BUDGET

A. Restricted Fund Balance – Appropriated Reserves

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2026 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2027:

Unemployment Insurance	\$ 2,000
Retirement Contributions	
Teachers' retirement system	200,000
Employees' retirement system	725,000
	<u>725,000</u>
	<u>\$ 927,000</u>

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2026, the District encumbered the following significant amounts:

Restricted Fund Balance:	
Capital Projects fund	
Capital projects	<u>\$ 841,946</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	38,054
Instruction	1,022
	<u>39,076</u>
Capital Projects Fund	
Capital projects	<u>63,056</u>
	<u>\$ 944,078</u>

B. Grants

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

C. Litigation

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2026, the date of the auditor's report. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

Issuance of TANs

On August 25, 2026, the District issued tax anticipation notes in the amount of \$2,500,000, which are due May 26, 2027, and bear interest at a stated interest rate of 3.75%. The District received premiums of \$10,525 with the borrowing to yield an effective interest rate of 3.1907%.

SUPPLEMENTARY INFORMATION

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Final Budget Variance with Actual
REVENUES					
Local Sources					
Real property taxes	\$ 25,424,506	\$ 25,424,506	\$ -	\$ 25,421,124	\$ (3,382)
Other tax items	1,832,068	1,832,068	-	1,839,966	7,898
Charges for services	857,865	857,865	-	1,030,341	172,476
Use of money and property	325,000	325,000	-	204,050	(120,950)
Sale of property and compensation for loss	25,000	25,000	-	24,682	(318)
Miscellaneous	201,400	201,400	-	280,606	79,206
Total Local Sources	28,665,839	28,665,839	-	28,800,769	134,930
State Sources	13,057,525	13,057,525	-	12,776,223	(281,302)
Medicaid Reimbursement	25,000	25,000	-	17,142	(7,858)
Total Revenues	41,748,364	41,748,364	-	41,594,134	(154,230)
OTHER FINANCING SOURCES					
Operating Transfers In	1,170	1,170	-	1,170	-
Total Revenues and Other Sources	41,749,534	41,749,534	-	41,595,304	<u><u>\$ (154,230)</u></u>
APPROPRIATED FUND BALANCE					
Prior Year's Encumbrances	46,714	46,714	-		
Appropriated Reserves	889,315	997,496	108,181		
Total Appropriated Fund Balance	936,029	1,044,210	108,181		
Total Revenues, Other Sources, and Appropriated Fund Balance	<u><u>\$ 42,685,563</u></u>	<u><u>\$ 42,793,744</u></u>	<u><u>\$ 108,181</u></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.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued) (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES						
General Support						
Board of education	\$ 116,658	\$ 127,597	\$ 10,939	\$ 123,511	\$	\$ 4,086
Central administration	312,483	372,934	60,451	370,568		2,366
Finance	787,772	780,552	(7,220)	758,281	18,450	3,821
Staff	375,096	347,249	(27,847)	345,493		1,756
Central services	4,060,702	3,931,609	(129,093)	3,900,104	19,604	11,901
Special items	491,355	482,347	(9,008)	481,013		1,334
Total General Support	6,144,066	6,042,288	(101,778)	5,978,970	38,054	25,264
Instruction						
Administration & improvement	1,230,502	1,373,669	143,167	1,270,463		103,206
Teaching - regular school	11,244,891	11,513,284	268,393	11,499,606	548	13,130
Programs for students with disabilities	8,419,716	8,600,379	180,663	8,599,498	474	407
Teaching - special schools	27,000	29,626	2,626	27,026		2,600
Instructional media	588,922	871,595	282,673	857,595		14,000
Pupil services	1,554,859	1,469,921	(84,938)	1,465,959		3,962
Total Instruction	23,065,890	23,858,474	792,584	23,720,147	1,022	137,305
Pupil Transportation	872,000	761,889	(110,111)	760,553		1,336
Employee Benefits	10,826,396	10,302,723	(523,673)	10,302,723		-
Debt Service						
Principal	1,122,791	1,122,791	-	1,122,791		-
Interest	336,920	344,476	7,556	344,476		-
Total Debt Service	1,459,711	1,467,267	7,556	1,467,267		-
Total Expenditures	42,368,063	42,432,641	64,578	42,229,660	39,076	163,905
OTHER FINANCING USES						
Operating Transfers Out	317,500	361,103	43,603	361,103		-
Total Expenditures and Other Uses	\$ 42,685,563	\$ 42,793,744	\$ 108,181	42,590,763	\$ 39,076	\$ 163,905
Net Change in Fund Balance				(995,459)		
Fund Balance - Beginning of Year				5,416,206		
Fund Balance - End of Year				\$ 4,420,747		

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.

The original budget reported includes the voter-approved budget for June 30, 2026, plus prior year encumbrances (valid legal commitments) carried forward from June 30, 2025.

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparisons (Unaudited)
For the Year Ended June 30, 2026

Budgetary Basis of Accounting

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The variance explanations and related operational commentary presented in this comparison represent the analysis and views of management.

General Fund Original Budget to Final Budget Highlights

Fund Balance

The following significant, additional fund balance amounts were appropriated during the year:

Restricted for employee benefits and accrued liability	\$ 108,181
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Expenditures

The following is a brief summary of significant budget to budget expenditure changes:

Instruction - teaching-regular school: The variance reflects the reallocation of personnel costs based on actual staff assignments and funding sources. While staff were budgeted within certain program areas, actual payroll expenditures were recorded in other areas to align with final staffing placements and operational needs. In addition, increased personnel costs in certain areas were attributable to staff leaves of absence and the need for temporary staffing coverage during those periods.	268,393
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Instructional media: The variance is attributable to an unplanned purchase of Chromebooks during the school year to meet the technology needs of incoming students. The purchase was necessary to ensure adequate device availability, as Chromebooks were becoming increasingly difficult to procure due to supply chain constraints and limited availability.	282,673
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Employee benefits: Health insurance rates for the upcoming calendar year were not available when the budget was developed; therefore, an estimated increase was incorporated for the six-month impact within the budget period. Actual costs were lower than projected. The District also received a reduction in dental benefit rates after the budget was adopted, further contributing to the variance.	(523,673)
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General Fund Budget to Actual Highlights

Final Budget Compared to Actual Revenues

The following is a brief summary of actual revenue amounts that were less than anticipated:

State sources: The variance in State Aid is primarily attributable to the projected nature of NYS aid estimates used during the budget development process. BOCES State Aid projections are based on prior-year utilization, while Basic Formula State Aid projections are based on estimated enrollment, wealth, and other underlying factors. As actual activity and data are finalized, the resulting aid may differ from the amounts originally projected and budgeted, resulting in the current-year variance.	(281,302)
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NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability) (Unaudited)
Last Ten Fiscal Years

	<i>Teachers' Retirement System</i>									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset/(liability)	0.085903%	0.084873%	0.084572%	0.086129%	0.088414%	0.084058%	0.083643%	0.085775%	0.084132%	0.086746%
District's proportionate share of the net pension asset/(liability)	\$ 5,086,387	\$ 2,532,287	\$ (967,154)	\$ (1,652,713)	\$ 15,321,323	\$ (2,322,759)	\$ 2,173,058	\$ 1,551,031	\$ 639,489	\$ (929,083)
District's covered payroll	\$ 16,905,595	\$ 16,205,318	\$ 15,619,729	\$ 15,257,900	\$ 15,006,714	\$ 14,267,364	\$ 13,961,420	\$ 13,971,723	\$ 13,306,817	\$ 13,669,218
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	30.09 %	15.63 %	6.19 %	10.83 %	102.10 %	16.28 %	15.56 %	11.10 %	4.81 %	6.80 %
Plan fiduciary net position as a percentage of the total pension liability	103.99%	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%
Discount rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%
	<i>Employees' Retirement System</i>									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset/(liability)	0.0100944%	0.0098513%	0.0104330%	0.0101913%	0.0109663%	0.0098857%	0.0100994%	0.0103568%	0.0107373%	0.0100984%
District's proportionate share of the net pension asset/(liability)	\$ (569,499)	\$ (1,689,079)	\$ (1,536,164)	\$ (2,185,430)	\$ 896,451	\$ (9,844)	\$ (2,674,384)	\$ (733,809)	\$ (346,541)	\$ (948,871)
District's covered payroll	\$ 4,383,450	\$ 4,140,524	\$ 4,027,104	\$ 3,692,131	\$ 3,833,382	\$ 3,769,906	\$ 3,809,678	\$ 3,650,671	\$ 3,544,269	\$ 3,585,354
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	12.99 %	40.79 %	38.15 %	59.19 %	23.39 %	0.26 %	70.20 %	20.10 %	9.78 %	26.47 %
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of District's Pension Contributions (Unaudited)
Last Ten Fiscal Years

Teachers' Retirement System

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,608,996	\$ 1,705,266	\$ 1,581,639	\$ 1,607,270	\$ 1,495,274	\$ 1,431,642	\$ 1,264,090	\$ 1,482,062	\$ 1,362,853	\$ 1,559,559
Contributions in relation to the contractually required contribution	<u>1,608,996</u>	<u>1,705,266</u>	<u>1,581,639</u>	<u>1,607,270</u>	<u>1,495,274</u>	<u>1,431,642</u>	<u>1,264,090</u>	<u>1,482,062</u>	<u>1,362,853</u>	<u>1,559,559</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	\$ 16,892,229	\$ 16,905,595	\$ 16,205,318	\$ 15,619,729	\$ 15,257,900	\$ 15,006,714	\$ 14,267,364	\$ 13,961,420	\$ 13,971,723	\$ 13,306,817
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	10%	9%	11%	10%	12%

Employees' Retirement System

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 681,585	\$ 604,989	\$ 512,754	\$ 421,935	\$ 532,526	\$ 522,908	\$ 525,477	\$ 507,172	\$ 522,521	\$ 480,601
Contributions in relation to the contractually required contribution	<u>681,585</u>	<u>604,989</u>	<u>512,754</u>	<u>421,935</u>	<u>532,526</u>	<u>522,908</u>	<u>525,477</u>	<u>507,172</u>	<u>522,521</u>	<u>480,601</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	\$ 5,730,518	\$ 5,063,584	\$ 4,754,344	\$ 4,439,850	\$ 4,096,408	\$ 3,813,441	\$ 3,803,049	\$ 3,682,740	\$ 3,570,870	\$ 3,486,613
Contributions as a percentage of covered payroll	12%	12%	11%	10%	13%	14%	14%	14%	15%	14%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of the Changes in the District's Total OPEB Liability and Related Ratios (Unaudited)
Last Nine Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ 1,757,714	\$ 2,329,773	\$ 2,132,618	\$ 1,778,853	\$ 2,583,209	\$ 2,044,114	\$ 1,769,724	\$ 1,577,839	\$ 1,390,855
Interest on total OPEB liability	2,503,393	1,929,064	1,757,265	1,433,425	1,049,114	1,018,031	1,263,686	897,215	839,883
Changes of benefit terms	-	13,935	14,672	-	-	-	-	-	-
Differences between expected and actual experience	-	5,921,490	-	(926,292)	-	(7,967,811)	-	(1,897,407)	118,746
Changes of assumptions or other inputs	3,736,677	(9,227,620)	(2,069,650)	5,902,201	(10,046,600)	7,703,343	7,428,146	6,118,768	-
Benefit payments	(1,408,339)	(1,273,205)	(912,347)	(868,143)	(853,323)	(809,628)	(741,473)	(640,503)	(610,455)
Net change in total OPEB liability	6,589,445	(306,563)	922,558	7,320,044	(7,267,600)	1,988,049	9,720,083	6,055,912	1,739,029
Total OPEB liability, beginning	47,079,710	47,386,273	46,463,715	39,143,671	46,411,271	44,423,222	34,703,139	28,647,227	26,908,198
Total OPEB liability, ending	<u>\$ 53,669,155</u>	<u>\$ 47,079,710</u>	<u>\$ 47,386,273</u>	<u>\$ 46,463,715</u>	<u>\$ 39,143,671</u>	<u>\$ 46,411,271</u>	<u>\$ 44,423,222</u>	<u>\$ 34,703,139</u>	<u>\$ 28,647,227</u>
Covered employee payroll	\$ 19,486,887	\$ 19,486,887	\$ 17,784,010	\$ 17,784,010	\$ 17,424,277	\$ 17,424,277	\$ 17,392,279	\$ 17,392,279	\$ 17,000,446
Total OPEB liability as a percentage of covered employee payroll	275.41%	241.60%	266.45%	261.27%	224.65%	266.36%	255.42%	199.53%	168.51%
Discount rate	4.67%	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Healthcare trend rates	5.90% to 3.80% over 48 years	6.60% to 3.80% over 48 years	6.60% to 3.80% over 51 years	6.40% to 3.80% over 51 years	5.30% to 4.10% over 55 years	5.30% to 4.10% over 55 years	6.10% to 4.10% over 57 years	6.10% to 4.10% over 57 years	7.00% to 4.00% over 7 years

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

Note to Required Supplementary Information

Trust Assets

There are no assets accumulated in a trust that meets the criteria as set forth by GASB to pay related benefits.

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

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund (Unaudited)
For the Year Ended June 30, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 42,638,849
Additions:	
Prior year's encumbrances	<u>46,714</u>
Original Budget	42,685,563
Budget revision	<u>108,181</u>
Final Budget	<u><u>\$ 42,793,744</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget	<u><u>\$ 44,283,243</u></u>
Maximum allowed (4% of 2026-2027 budget)	<u><u>\$ 1,771,330</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 39,076
Unassigned fund balance	<u>1,605,387</u>
	\$ 1,644,463
Less:	
Appropriated fund balance	-
Encumbrances	<u>39,076</u>
Total adjustments	<u>39,076</u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	<u><u>\$ 1,605,387</u></u>
Actual Percentage	3.63%

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2026

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance
	June 30, 2025	June 30, 2026	Prior Years	Current Year	Total		Proceeds of Debt	State Aid	Local Sources	Total	June 30, 2026
Camp Window DASNY	\$ 100,000	\$ 98,631	\$ 69,417	\$ 29,214	\$ 98,631	\$ -	\$ -	\$ 98,631	\$ -	\$ 98,631	\$ -
Basketball Courts - Camp	15,534	15,534	10,564	1,900	12,464	3,070			15,534	15,534	3,070
Basketball Courts - HDF	15,633	15,633	10,260	1,900	12,160	3,473			15,633	15,633	3,473
Basketball Courts - OMR	15,533	15,533	8,766	1,900	10,666	4,867			15,533	15,533	4,867
HDF Boiler Room Chimney Cap	8,000	8,000				8,000			8,000	8,000	8,000
DW Fuel Tank/Monitor System		63,737		62,028	62,028	1,709			63,737	63,737	1,709
HDF Floor Replacement/Abatement		63,055				63,055			63,055	63,055	63,055
DW Phone System Upgrades		52,812				52,812			52,812	52,812	52,812
DW Security Enhancements		60,000				60,000			60,000	60,000	60,000
Camp Water Heater Replacement		25,396		24,733	24,733	663			25,396	25,396	663
Smart Bond School Connectivity	661,037	661,037	660,827		660,827	210		661,037		661,037	210
Capital Reserve											
Camp Roof replacement/repairs	1,355,646	1,355,646		34,017	34,017	1,321,629			1,355,646	1,355,646	1,321,629
Totals	<u>\$ 2,171,383</u>	<u>\$ 2,435,014</u>	<u>\$ 759,834</u>	<u>\$ 155,692</u>	<u>\$ 915,526</u>	<u>\$ 1,519,488</u>	<u>\$ -</u>	<u>\$ 759,668</u>	<u>\$ 1,675,346</u>	<u>\$ 2,435,014</u>	1,519,488
									Grant revenue not yet recognized		<u>(137,839)</u>
											<u>\$ 1,381,649</u>

NORTH MERRICK UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets (Unaudited)
June 30, 2026

Capital assets, net	<u>\$ 18,431,521</u>
Deductions:	
Capital related liability - accounts payable	634
Short-term portion of bonds payable	945,000
Long-term portion of bonds payable	7,115,000
Premium on bonds payable	96,476
Short-term portion of lease liabilities	195,610
Long-term portion of lease liabilities	<u>163,071</u>
	<u>8,515,791</u>
Net Investment in Capital Assets	<u><u>\$ 9,915,730</u></u>

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

To the Board of Education
North Merrick Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the North Merrick Union Free School District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2026.

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 13, 2026