

**MANHASSET UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

# MANHASSET UNION FREE SCHOOL DISTRICT

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Manhasset Union Free School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Manhasset Union Free School District (the "District") as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, schedule of District's contributions and related ratios on pages 1 through 15 and 58 through 62, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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 31, 2022

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The following is a discussion and analysis of the Manhasset Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions and conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

## **1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position (deficit), as reflected in the District-Wide Financial Statements, is (\$95,992,062):
  - Net investment in capital assets of \$52,156,068 is the investment in capital assets at cost, such as land, construction in progress, buildings and improvements, site improvements, and furniture and equipment, net of depreciation and related debt and deferred inflows and outflows related to debt issuance. This represents an increase in net investments in capital assets from the prior year of \$3,148,268.
  - Restricted net position of \$5,595,273 relates to the balances in the District's general fund repair and capital reserves, and amounts restricted for the debt service and scholarships and donations. The increase in restricted net position of \$1,212,273 is primarily due an increase in the capital reserve-2018.
  - The unrestricted net deficit in the amount of \$153,743,403 increased from the prior year by \$5,092,574 primarily due to the impact of GASB Statement No. 68 and GASB Statement No. 75.
- The change in net position represents the District's operating profit or loss on the accrual basis of accounting. For the year ended June 30, 2022, the operating loss was \$732,033, compared to an operating loss of \$16,998,762 from the prior year. The increase in revenues is primarily attributable to real property taxes and other tax items. The decrease in expenses is primarily attributable to the decrease in the impact on benefits expense from the effects on net position year over year of GASB Statement No. 68 and No. 75, noted above. Also see Notes 13 and 15 to these financial statements.
- As of June 30, 2022, the District's combined governmental funds reported a total fund balance of \$12,507,399, which is a net decrease of \$1,775,627 from the prior year, based upon the modified accrual basis of accounting. This decrease was primarily due to the voter approved use of the capital reserve and the reduction in assigned- designated for COVID reopening plan and cyber security attack expenditures in the general fund.
- The Board of Education adopted a budget for 2022-2023 of \$104,596,962, which reflected a budget increase of 2.23% and a tax levy increase of 2.38%. The budget was presented to the voters on May 17, 2022 and passed with voter approval.

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for resources that belong to others. The District reports on the custodial fund which accounts for real property taxes collected on behalf of other governments and disbursed to other governments.

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

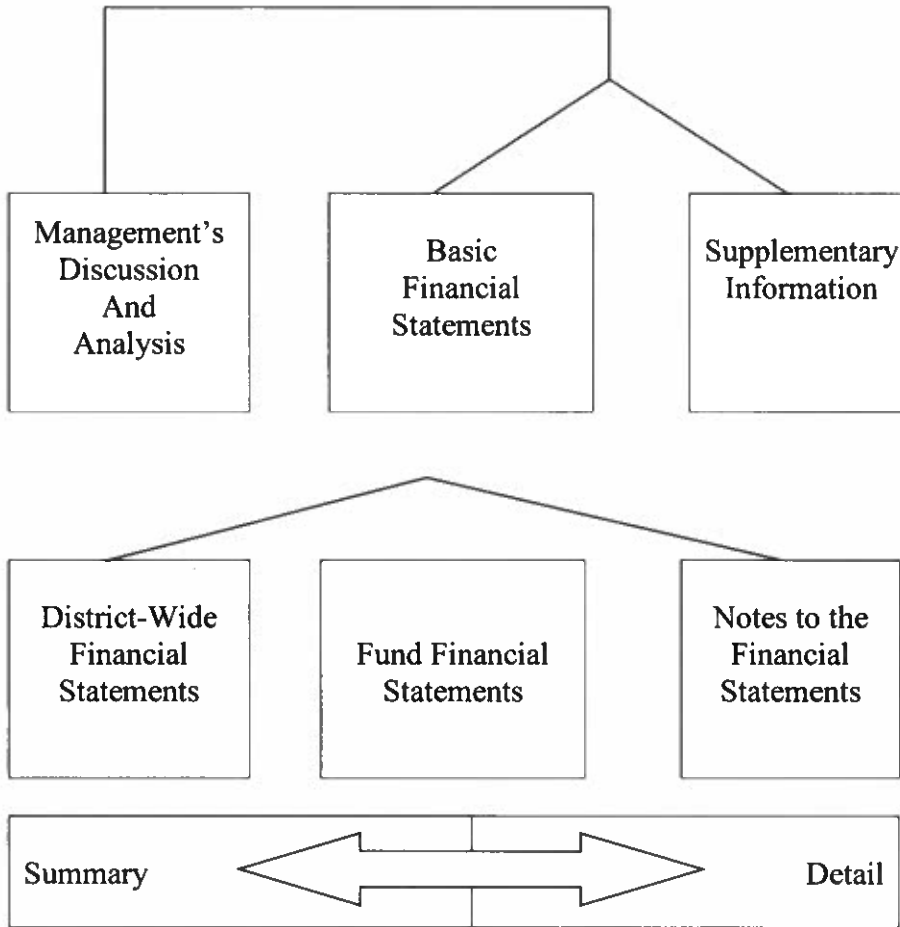


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and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



**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

#### A. District-Wide Statements

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

## **B. Fund Financial Statements**

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

The District has two kinds of funds:

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's net deficit increased \$732,033 in the fiscal year ended June 30, 2022 as detailed in the Table that follows.

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$ 21,013,931	\$ 23,768,564	\$ (2,754,633)	-11.59%
Capital assets, net	75,903,294	75,251,409	651,885	0.87%
Net pension assets, proportionate share	46,629,633	-	46,629,633	100.00%
Total assets	143,546,858	99,019,973	44,526,885	44.97%
Deferred outflows of resources	74,051,946	65,383,861	8,668,085	13.26%
Total assets and deferred outflows of resources	217,598,804	164,403,834	53,194,970	32.36%
Current and other liabilities	8,653,292	9,669,919	(1,016,627)	-10.51%
Long-term liabilities	197,846,587	228,265,129	(30,418,542)	-13.33%
Total Liabilities	206,499,879	237,935,048	(31,435,169)	-13.21%
Deferred inflows of resources	107,090,987	21,728,815	85,362,172	392.85%
Total liabilities and deferred inflows of resources	313,590,866	259,663,863	53,927,003	20.77%
Net Position				
Net investment in capital assets	52,156,068	49,007,800	3,148,268	6.42%
Restricted	5,595,273	4,040,629	1,554,644	38.48%
Unrestricted (deficit)	(153,743,403)	(148,308,458)	(5,434,945)	3.66%
Total Net Position (Deficit)	\$ (95,992,062)	\$ (95,260,029)	\$ (732,033)	0.77%

Current assets and other assets decreased by \$2,754,633 as compared to the prior year. The decrease is primarily related to a decrease in cash and due from fiduciary funds, partially offset by an increase in due from other governments.

Capital assets, net increased by \$651,885 as compared to the prior year. This increase is primarily due to the current year's capital asset additions offset by the current year depreciation and amortization.

The net pension asset – proportionate share for the teachers' retirement system and – proportionate share for the employees' retirement system resulted in a total net pension asset of \$46,629,633.

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

Current and other liabilities decreased by \$1,016,627 as compared to the prior year, primarily related to a decrease in accounts payable, partially offset by an increase in accrued liabilities and due to teachers' retirement system.

Long-term liabilities decreased \$30,418,542. This was primarily as a result of a decrease in the total other postemployment benefits obligation and the net pension liability- proportionate share.

Net investment in capital assets of \$52,156,068 is the investment in capital assets at cost, such as land, construction in progress, buildings and improvements, site improvements, and furniture and equipment, net of depreciation and related debt. The increase in net investments in capital assets over from the prior year of

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

\$3,148,268 is due to: capital project expenditures and furniture and equipment acquisitions, net of current year's depreciation and net disposals, resulting in a net increase in capital assets of \$651,885, the impact of principal payments on serial bonds and obligations under the District's energy performance contract, and a net decrease of certain deferred charges and deferred premiums related to the 2011 and 2019 library and 2016 District bond refunding.

Restricted net position of \$5,595,273 relates to the balances in the District's general fund repair and capital reserves, and the amounts restricted for debt service and scholarships and donations. The increase in restricted net position of \$1,554,644 is primarily due to an increase in the capital reserve-2018.

The unrestricted net deficit in the amount of \$153,743,403 increased over the prior year by \$5,434,945 primarily due to an excess of expenses over revenues, as well as the impact of GASB Statement No. 68 and GASB Statement No. 75.

### **Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2021 and 2022 is as follows:

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

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 2,147,352	\$ 1,429,080	\$ 718,272	50.26%
Operating and capital grants and contributions	2,722,225	1,838,823	883,402	48.04%
General Revenues				
Real property taxes and other tax items	93,723,795	92,359,256	1,364,539	1.48%
State sources	5,415,666	5,480,409	(64,743)	-1.18%
Use of money & property	92,022	24,800	67,222	271.06%
Other	1,450,481	1,527,372	(76,891)	-5.03%
Total Revenues	<u>105,551,541</u>	<u>102,659,740</u>	<u>2,891,801</u>	2.82%
<b>Expenses</b>				
General support	13,389,812	15,621,549	(2,231,737)	-14.29%
Instruction	82,294,121	93,960,999	(11,666,878)	-12.42%
Pupil transportation	5,233,557	4,796,783	436,774	9.11%
Debt service - interest	610,592	751,843	(141,251)	-18.79%
Food service program	1,319,787	956,584	363,203	37.97%
Depreciation (unallocated)	3,435,705	3,570,743	(135,038)	-3.78%
Total Expenses	<u>106,283,574</u>	<u>119,658,502</u>	<u>(13,374,927)</u>	-11.18%
Increase (Decrease) in Net Position	<u>\$ (732,033)</u>	<u>\$ (16,998,762)</u>	<u>\$ 16,266,728</u>	95.69%

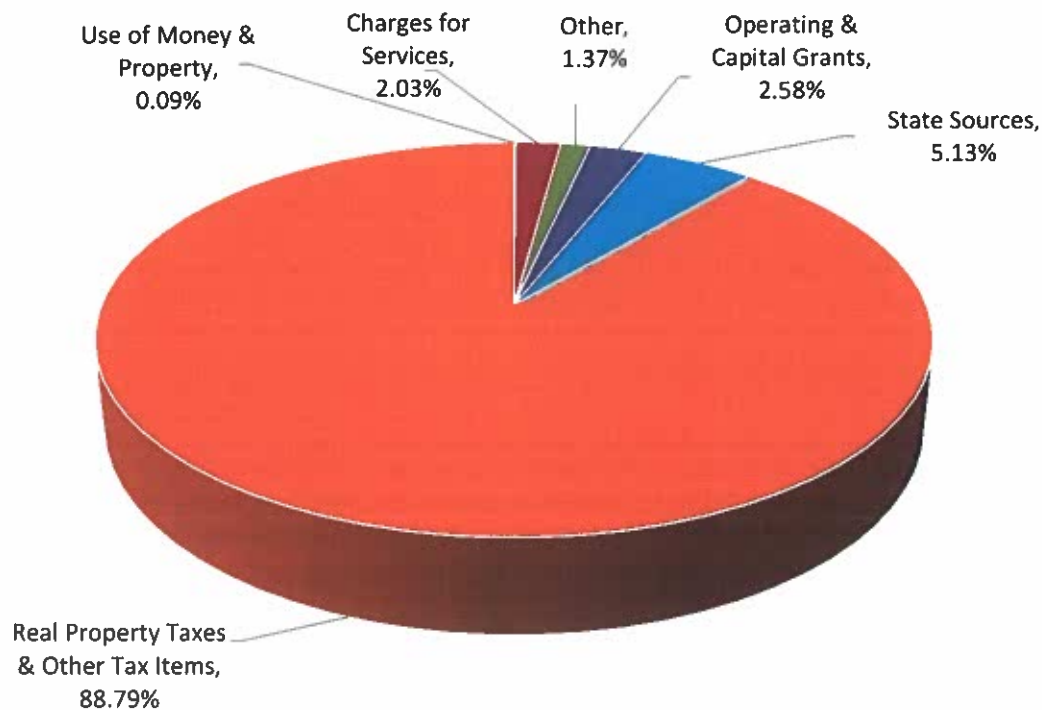
**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Revenues for the District's governmental activities totaled \$105,551,541 while total expenses equaled \$106,283,574 resulting in a decrease in net position of \$732,033. The change in net position represents the District's operating profit or loss on the accrual basis of accounting. Revenues increased 2.82%, while expenses decreased 11.18%. The increase in revenues is primarily attributable to real property taxes and other tax items, as well as charges for services, and operating and capital grants and contributions. The decrease in expenses is primarily attributable to a decrease in instruction and general support expenses, based on the impact on benefits expense as a result of GASB Statement No. 68 and No. 75, noted above. Also see Notes 13 and 15 to these financial statements.

As indicated on the pie charts that follow, real property taxes and other tax items are the largest component of revenues recognized, representing 88.79% of total revenue for the year ended June 30, 2022.

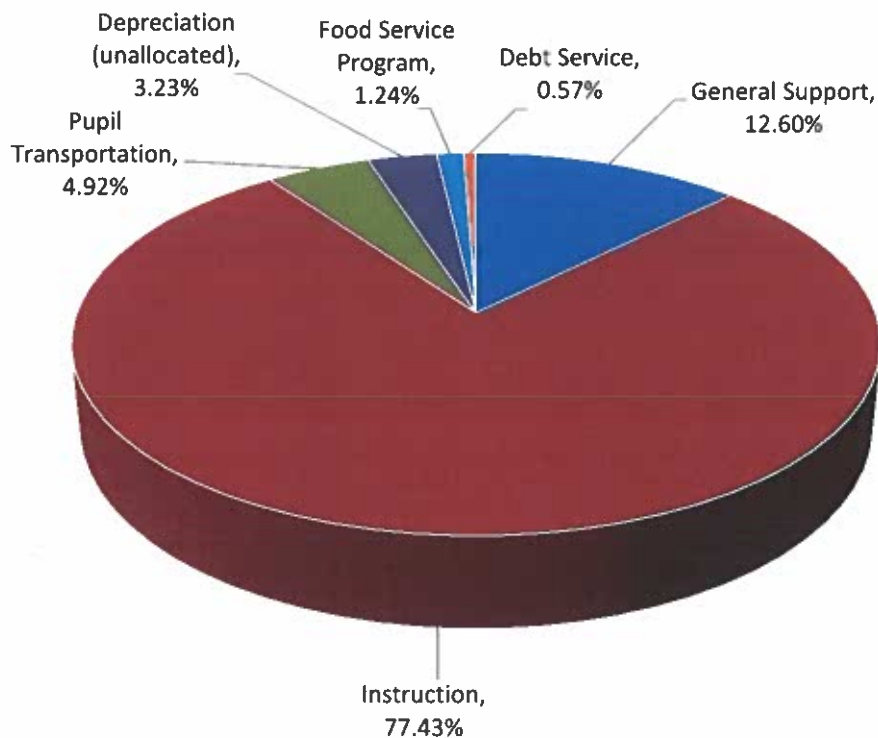
Instructional expenses are the largest category of expenses incurred representing 77.43% of expenses for the year ended June 30, 2022.

**Revenues for Fiscal Year 2022**



**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Expenses for Fiscal Year 2022**



- The users of the District's programs financed \$2,147,352 of the costs (Statement of Activities, Charges for Services column-see Exhibit 3).
- The federal and state governments subsidized certain programs with operating and capital grants and contributions of \$2,722,225 (Statement of Activities, Operating Grants and Contributions and Capital Grants columns – see Exhibit 3).
- Most of the District's net costs of \$101,413,997 were financed by District taxpayers and state and federal aid (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3).

#### **4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As of June 30, 2022, the District's combined governmental funds reported a total fund balance of \$12,507,399 which is a decrease of \$1,775,627 from the prior year.

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted:				
Repair	\$ 404,754	\$ 279,743	\$ 125,011	44.69%
Capital	1,620,709	3,395,802	(1,775,093)	-52.27%
Assigned:				
General support	470,449	170,474	299,975	175.97%
Instruction	116,917	70,349	46,568	66.20%
Employee benefits	2,834	-	2,834	N/A
Designated for subsequent year's expenditures	724,067	724,067	-	0.00%
Designated for COVID-19 reopening plan and cybersecurity attack expenditures	-	925,000	(925,000)	-100.00%
Unassigned	4,183,878	4,092,808	91,070	2.23%
Total Fund Balance - General Fund	<u>\$ 7,523,608</u>	<u>\$ 9,658,243</u>	<u>\$ (2,134,635)</u>	-22.10%
<b>School Lunch Fund</b>				
Assigned - unappropriated	<u>\$ 623,503</u>	<u>\$ 390,969</u>	<u>\$ 232,534</u>	59.48%
<b>Debt Service Fund</b>				
Restricted	<u>\$ 183,739</u>	<u>\$ 183,700</u>	<u>\$ 39</u>	0.02%
<b>Miscellaneous Special Revenue</b>				
Restricted	\$ 243,269	\$ 181,384	\$ 61,885	34.12%
Assigned - unappropriated	357,401	342,371	15,030	4.39%
Total Fund Balance- Miscellaneous Special Revenue	<u>\$ 600,670</u>	<u>\$ 523,755</u>	<u>\$ 76,915</u>	14.69%
<b>Capital Projects Fund</b>				
Restricted	\$ 2,959,063	\$ -	\$ 2,959,063	N/A
Restricted for unspent bond proceeds	57,024	755,308	(698,284)	-92.45%
Assigned - unappropriated	559,792	2,771,051	(2,211,259)	-79.80%
Total Fund Balance- Capital Projects Fund	<u>\$ 3,575,879</u>	<u>\$ 3,526,359</u>	<u>\$ 49,520</u>	1.40%
Total Fund Balances - All Funds	<u>\$ 12,507,399</u>	<u>\$ 14,283,026</u>	<u>\$ (1,775,627)</u>	-12.43%

**A. General Fund**

The net decrease in fund balance in the general fund of \$2,134,635 can be attributable to expenditures and other financing uses of \$103,965,260 exceeding total revenues of \$101,830,625, primarily due to the voter approved appropriation of capital reserve- 2018.

**B. School Lunch Fund**

The net change in the school lunch fund balance is a net increase of \$232,534 is due to increased state and federal reimbursements exceeding the cost of distributing free meals to all student in the District.

**C. Debt Service Fund**

The debt service fund restricted fund balance had a net increase of \$39, which is primarily due to interest earnings.



**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**D. Miscellaneous Special Revenue Fund**

The miscellaneous special revenue fund balance had a net increase of \$76,915, due to extraclassroom and scholarship revenues exceeding expenditures.

**E. Capital Projects Fund**

The fund balance in the capital projects fund increased \$49,520 due to Smart Schools Bond revenues, and appropriation transfers from the general fund appropriating the capital reserve-2018 and fund balance.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2021-2022 Budget**

The District's general fund adopted budget for the year ended June 30, 2022 was \$102,320,176. This amount was increased by encumbrances carried over from the prior year in the amount of \$240,823, and budget revisions of \$3,605,579, which resulted in a final budget of \$106,166,578. The budget was funded through a combination of revenues and assigned/designated fund balance. The majority of this funding source was \$93,744,064 in budgeted real property taxes and other tax items.

**B. Change in the General Fund Unassigned Fund Balance**

The general fund unassigned fund balance is the component of total fund balance that is the cumulative residual of prior years' excess revenues over expenditures, net of transfers to restricted fund balances and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The components of the change in this balance in 2021-2022 follow:

Opening unassigned fund balance	\$ 4,092,808
Revenues over budget	234,516
Expenditures, other financing uses, and encumbrances under budget	1,611,118
Unused appropriated fund balance for 2021-22 COVID-19 and cybersecurity attack expenditures	551,759
Appropriated fund balance- capital projects fund	(185,000)
Budget revision - Workers compensation expenditures	(47,338)
Funding of reserves	(1,349,767)
Interest allocated to reserves	(151)
Appropriated for next year's budget	(724,067)
Closing unassigned fund balance	<u>\$ 4,183,878</u>

The opening unassigned fund balance of \$4,092,808 is the June 30, 2021 unassigned fund balance.

The revenues over budget of \$234,516 were primarily in charges for services, sale of property and compensation for loss, and miscellaneous revenues. Please see Supplemental Schedule #1 for further detail.

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The expenditures, other financing sources, and encumbrances under budget of \$1,611,118 represents savings across the budget but were primarily attributable to instruction, and pupil transportation.

Unused appropriated fund balance for COVID-19 and cybersecurity attack expenditures represents the amount not needed to fund these expenditures.

The District appropriated \$185,000 of fund balance for capital projects.

The budget revision of \$47,338 was for workers compensation expenditures.

The District funded the capital reserve- 2018, and the repair reserve in the amount of \$1,349,767.

Interest of \$151 was allocated to the reserves as follows: \$12 to the repair reserve, and \$139 to the capital reserves (2010 and 2018).

The appropriated fund balance of \$724,067 for the June 30, 2023 budget is the amount the District has chosen to use to fund its operating budget for 2022-2023.

The District will close the 2021-2022 fiscal year with \$4,183,878 in unassigned fund balance. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within this legal limit.

**6. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2022, the District had invested in a broad range of capital assets, including land, buildings and improvements, and furniture and equipment for school purposes and Manhasset Library purposes. A summary of the District's capital assets, net of depreciation at June 30, 2022 and 2021 is as follows:

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Category	Fiscal Year 2022	Fiscal Year 2021	Increase/ (Decrease)	Percentage Change
Land and Land Improvements	\$ 1,421,877	\$ 1,421,877	\$ -	0.00%
Construction in Progress	3,385,480	4,450,278	(1,064,798)	-23.93%
Buildings and Building Improvements	112,420,971	107,970,693	4,450,278	4.12%
Site Improvements	237,022	237,022	-	0.00%
Furniture and Equipment	14,519,260	13,928,430	590,830	4.24%
Subtotal	131,984,610	128,008,300	3,976,310	3.11%
Less: Accumulated Depreciation	56,081,316	52,756,891	3,324,425	6.30%
Total Net Capital Assets	<u>\$ 75,903,294</u>	<u>\$ 75,251,409</u>	<u>\$ 651,885</u>	0.87%

During the fiscal year ended June 30, 2022, a total of \$3,385,480 of costs in the capital projects fund were recorded as construction in progress, \$868,173 of costs were incurred for building, building improvements and purchase of capitalized furniture and equipment in the general fund and the school lunch fund, and assets were disposed, at a net loss on disposal of \$83,032.

Depreciation expense of \$3,518,736 and net loss on disposals of \$83,032 were not allocated to the governmental functions.

## **B. Debt Administration**

At June 30, 2022, the District had total bonds payable of \$22,295,000. The bonds were issued for school building improvements and construction of a library. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

Table A-9 Outstanding Bonds

Issue Date	Interest Rate	2022	2021	Increase (Decrease)
2016	5.00%	\$ 1,160,000	\$ 2,265,000	\$ (1,105,000)
2016	2.00% - 3.00%	5,425,000	5,755,000	(330,000)
2016	3.00% - 3.50%	4,825,000	5,085,000	(260,000)
2017	2.00% - 3.00%	4,335,000	4,575,000	(240,000)
2019	1.75% - 5.00%	445,000	495,000	(50,000)
2019	4.00% - 5.00%	6,105,000	6,815,000	(710,000)
	Total Bonds	<u>\$ 22,295,000</u>	<u>\$ 24,990,000</u>	<u>\$ (2,695,000)</u>

Principal payments were made in 2021-22 of \$2,695,000 for outstanding bonds.

**MANHASSET UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Table A-10 Obligations under Energy Performance Debt

Issue Date	Interest Rate	2022	2021	(Decrease)
2012	1.977%	<u>\$539,234</u>	<u>\$799,090</u>	<u>(\$259,856)</u>

Principal payments were made in 2021-22 of \$259,856 for the energy performance debt.

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

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- A) The 2022-23 general fund budget, the only fund with a legally adopted budget, approved by the voters on May 17, 2022, is \$104,596,962. This is an increase of \$2,276,786 or 2.23% from the previous year's budget.
- B) The 2022-23 budget is negatively impacted by certain trends impacting school districts. The property tax levy limit, enacted by the NYS Legislative beginning in the 2012-2013 fiscal year, continues to negatively impact school districts, especially given fluctuations in state aid. Although increases in required contributions to pension plans have slowed, health insurance costs have continued to trend upwards at rates that exceed annual Consumer Price Index ("CPI") levels.
- C) On October 5, 2022, the District issued a tax anticipation note for \$9,000,000 maturing on December 29, 2022, for the interim financing of the general fund operations. This note includes a total premium of \$1,800.

**8. CONTACTING THE DISTRICT**

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

Mr. Joseph Dragone  
Assistant Superintendent for Business and Operations  
Manhasset Union Free School District  
200 Memorial Place  
Manhasset, NY 11030

**MANHASSET UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS**

## Current assets

Cash	
Unrestricted	\$ 10,477,482
Restricted	5,468,558
Receivables	
Taxes receivable	1,727,698
State and federal aid	1,792,213
Due from other governments	1,255,579
Accounts receivable	292,401

## Non-current assets

Capital Assets	
Not being depreciated	4,807,357
Being depreciated, net of accumulated depreciation	71,095,937
Net pension asset-proportionate share - teachers' retirement system	45,024,947
Net pension asset-proportionate share - employees' retirement system	1,604,686

**TOTAL ASSETS** 143,546,858

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	29,837,704
Other postemployment benefits	44,115,892
Deferred charges on library and district debt refunding	98,350

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** 217,598,804

**LIABILITIES**

## Payables

Accounts payable	1,636,656
Accrued liabilities	899,331
Accrued interest payable	146,760
Due to other governments	203,961
Due to teachers' retirement system	4,930,560
Due to employees' retirement system	447,032
Compensated absences payable	130,107

## Unearned credits

Collections in advance	258,885
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## Long-term liabilities

Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	3,045,818
Energy performance contract debt	266,329
Due to employees' retirement system	83,722
Workers' compensation claims payable	7,697
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	20,317,548
Energy performance contract debt	272,905
Due to employees' retirement system	454,264
Workers' compensation claims payable	4,308
Total other postemployment benefits obligation	173,393,996

**TOTAL LIABILITIES** 206,499,879

**DEFERRED INFLOWS OF RESOURCES**

Pensions	55,836,749
Other postemployment benefits	51,254,238

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** 313,590,866

**NET POSITION**

Net investment in capital assets 52,156,068

## Restricted

Repairs	404,754
Capital	4,579,772
Scholarships and donations	243,269
Debt service	183,739
	<u>5,395,273</u>

Unrestricted (deficit) (153,743,403)

**TOTAL NET POSITION (DEFICIT)** \$ (95,992,062)

**MANHASSET UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2022**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (13,389,812)				\$ (13,389,812)
Instruction	(82,294,121)	\$ 1,554,723	\$ 1,513,310	\$ 250,000	(78,976,088)
Pupil transportation	(5,233,557)				(5,233,557)
Debt service - Interest	(610,592)				(610,592)
Food service program	(1,319,787)	592,629	958,915		231,757
Depreciation and loss on disposal (unallocated)	(3,435,705)				(3,435,705)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (106,283,574)</b>	<b>\$ 2,147,352</b>	<b>\$ 2,472,225</b>	<b>\$ 250,000</b>	<b>\$ (101,413,997)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					91,097,445
Other tax items - including STAR reimbursement and PILOTs					2,626,350
Use of money and property					92,022
Sale of property and compensation for loss					153,806
Miscellaneous					249,628
Library debt service reimbursement					1,023,000
State sources					5,415,666
Medicaid reimbursement					24,047
<b>TOTAL GENERAL REVENUES</b>					<b>100,681,964</b>
<b>CHANGE IN NET POSITION</b>					<b>(732,033)</b>
<b>TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>					<b>(95,260,029)</b>
<b>TOTAL NET POSITION (DEFICIT) - END OF YEAR</b>					<b>\$ (95,992,062)</b>

**MANHASSET UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents							
Unrestricted	\$ 9,171,368	\$ 275,219	\$ 338,166		\$ 458,117	\$ 234,612	\$ 10,477,482
Restricted	2,025,537			\$ 183,665	243,269	3,016,087	5,468,558
Receivables							
Taxes receivable	1,727,698						1,727,698
State and federal aid	675,098	822,602	194,513			100,000	1,792,213
Due from other governments	1,255,579						1,255,579
Due from other funds	1,091,355		303,605	74	56,761		1,451,795
Accounts receivable	42,401					250,000	292,401
<b>TOTAL ASSETS</b>	<b>\$ 15,989,036</b>	<b>\$ 1,097,821</b>	<b>\$ 836,284</b>	<b>\$ 183,739</b>	<b>\$ 758,147</b>	<b>\$ 3,600,699</b>	<b>\$ 22,465,726</b>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 1,495,730	\$ 85,062	\$ 31,118			\$ 24,746	\$ 1,636,656
Accrued liabilities	896,066	446	2,819				899,331
Due to other governments	203,961						203,961
Due to other funds	361,972	932,272			\$ 157,477	74	1,451,795
Due to teachers' retirement system	4,930,560						4,930,560
Due to employees' retirement system	447,032						447,032
Compensated absences	130,107						130,107
Collections in advance		80,041	178,844				258,885
<b>TOTAL LIABILITIES</b>	<b>8,465,428</b>	<b>1,097,821</b>	<b>212,781</b>	<b>-</b>	<b>157,477</b>	<b>24,820</b>	<b>9,958,327</b>
<b>FUND BALANCES</b>							
Restricted							
Repairs	404,754						404,754
Capital	1,620,709					2,959,063	4,579,772
Scholarships and donations					243,269		243,269
Debt service				183,739			183,739
Unspent bond proceeds						57,024	57,024
Assigned							
Appropriated fund balance	724,067						724,067
Unappropriated fund balance	590,200		623,503		357,401	559,792	2,130,896
Unassigned	4,183,878						4,183,878
<b>TOTAL FUND BALANCES</b>	<b>7,523,608</b>	<b>-</b>	<b>623,503</b>	<b>183,739</b>	<b>600,670</b>	<b>3,575,879</b>	<b>12,507,399</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,989,036</b>	<b>\$ 1,097,821</b>	<b>\$ 836,284</b>	<b>\$ 183,739</b>	<b>\$ 758,147</b>	<b>\$ 3,600,699</b>	<b>\$ 22,465,726</b>

**MANHASSET UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
JUNE 30, 2022**

Total Governmental Fund Balances \$ 12,507,399

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

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

Original cost of capital assets	\$ 131,984,610	
Accumulated depreciation	<u>(56,081,316)</u>	75,903,294

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset-proportionate share at year-end for teachers' retirement system and employees' retirement system was: 46,629,633

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

Deferred outflows related to pensions	\$ 29,837,704	
Deferred outflows related to total other postemployment benefits	<u>44,115,892</u>	73,953,596

The Statement of Net Position will amortize the deferred charges on refundings over the life of the bonds. Governmental funds record the deferred charges as an expenditure. 98,350

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

Deferred inflows related to pensions	\$ (55,836,749)	
Deferred inflows related to total other postemployment benefits	<u>(51,254,238)</u>	(107,090,987)

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of: (146,760)

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

Bonds payable (inclusive of unamortized premium)	\$ (23,363,366)	
Energy performance contract debt	(539,234)	
Due to employees retirement system	(537,986)	
Workers' compensation claims payable	(12,005)	
Total other postemployment benefits obligation	<u>(173,393,996)</u>	(197,846,587)

Total Net Position \$ (95,992,062)



**MANHASSET UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Totals Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 91,097,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,097,445
Other tax items - including STAR reimbursement and PILOTs	2,626,350						2,626,350
Charges for services	1,181,969				372,754		1,554,723
Use of money and property	12,033		11	38	79,940		92,022
Sale of property and compensation for loss	153,806						153,806
Miscellaneous	249,628						249,628
Library debt service reimbursement	1,023,000						1,023,000
State sources	5,415,666	445,075	14,444			250,000	6,125,185
Medicaid reimbursements	24,047						24,047
Federal sources	46,681	1,021,554	944,471				2,012,706
Sales			592,629				592,629
<b>TOTAL REVENUES</b>	<b>101,830,625</b>	<b>1,466,629</b>	<b>1,551,555</b>	<b>38</b>	<b>452,694</b>	<b>250,000</b>	<b>105,551,541</b>
<b>EXPENDITURES</b>							
General support	11,150,833						11,150,833
Instruction	56,541,809	1,544,855			375,779		58,462,443
Pupil transportation	5,058,110	119,104					5,177,214
Employee benefits	23,988,532						23,988,532
Debt service - principal				2,954,856			2,954,856
Debt service - interest	16,032			871,991			888,023
Cost of sales			1,319,787				1,319,787
Capital outlay						3,385,480	3,385,480
<b>TOTAL EXPENDITURES</b>	<b>96,755,316</b>	<b>1,663,959</b>	<b>1,319,787</b>	<b>3,826,847</b>	<b>375,779</b>	<b>3,385,480</b>	<b>107,327,168</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,075,309</b>	<b>(197,330)</b>	<b>231,768</b>	<b>(3,826,809)</b>	<b>76,915</b>	<b>(3,135,480)</b>	<b>(1,775,627)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Operating transfers in		197,330	766	3,826,848		3,185,000	7,209,944
Operating transfers (out)	(7,209,944)						(7,209,944)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(7,209,944)</b>	<b>197,330</b>	<b>766</b>	<b>3,826,848</b>	<b>-</b>	<b>3,185,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,134,635)</b>	<b>-</b>	<b>232,534</b>	<b>39</b>	<b>76,915</b>	<b>49,520</b>	<b>(1,775,627)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>9,658,243</b>	<b>-</b>	<b>390,969</b>	<b>183,700</b>	<b>523,755</b>	<b>3,526,359</b>	<b>14,283,026</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 7,523,608</b>	<b>\$ -</b>	<b>\$ 623,503</b>	<b>\$ 183,739</b>	<b>\$ 600,670</b>	<b>\$ 3,575,879</b>	<b>\$ 12,507,399</b>

**MANHASSET UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances (\$1,775,627)

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

**Long-Term Revenue and Expense Differences**

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable from June 30, 2021 to June 30, 2022 changed by:

11,954

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

Teachers' retirement system	\$	6,883,826	
Employees' retirement system		738,148	
Other postemployment benefits		<u>(10,555,525)</u>	(2,933,551)

**Capital Asset Related Differences**

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

Capital outlays	\$	4,253,653	
Depreciation expense and loss on disposals		<u>(3,601,768)</u>	651,885

**Long-Term Debt Transaction Differences**

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

Employees' Retirement System Contribution Stabilization Program	81,019
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	2,695,000
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Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	259,856
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Governmental funds may report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization for the fiscal year ended June 30, 2022 was:	239,810
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Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due requiring the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2021 to June 30, 2022 changed by:	<u>37,621</u>
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Change in Net Position	<u>\$ (732,033)</u>
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**MANHASSET UNION FREE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<u><b>Custodial Fund</b></u>
<b>ASSETS</b>	
Due from other government	\$ 1,023,000
<b>TOTAL ASSETS</b>	<u><u>\$ 1,023,000</u></u>
<b>LIABILITIES</b>	
Due to other governments	\$ 1,023,000
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,023,000</u></u>
<b>NET POSITION</b>	
Restricted	
<b>TOTAL NET POSITION</b>	<u><u>\$ -</u></u>

**MANHASSET UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Taxes collected on behalf of other governments	\$ 5,506,269
<b>TOTAL ADDITIONS</b>	<u>\$ 5,506,269</u>
<b>DEDUCTIONS</b>	
Taxes paid to other governments	\$ 5,506,269
<b>TOTAL DEDUCTIONS</b>	<u>\$ 5,506,269</u>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>                    </u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

**A) Reporting entity:**

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

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

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

**B) Joint venture:**

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**C) Basis of presentation:**

**i) District-Wide Financial Statements:**

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

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

**ii) Fund Financial Statements:**

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

The District reports the following major governmental funds:

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

The District reports the following fiduciary funds:

**Fiduciary Fund:** This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used.

The District has the following fiduciary fund:

**Custodial Fund:** This fund accounts for real property taxes collected on behalf of other governments and disbursed to other governments.

**D) Measurement focus and basis of accounting:**

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

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method,

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, claims and judgments, compensated absences, net pension liability, and other postemployment benefits obligations, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**E) Real property taxes:**

i) Calendar:

Real property taxes for the District are levied annually by Nassau County at the request of the Board of Education and are collected by the Town of North Hempstead tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. Taxes are collected during the period 2021-2022.

ii) Enforcement:

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

iii) Long Island Power Authority PILOT payments

Prior to September 2015 certain LIPA properties were assessed and taxed each year by Nassau County in the same manner as other taxable property. Thereafter, Nassau County reclassified certain LIPA property taxes as PILOTs (Payments In Lieu of Taxes), ostensibly in accordance with the LIPA Reform Act of 2013. In 2021-2022 revenue from other tax items includes \$1,525,701 in LIPA PILOTs.

**F) Restricted resources:**

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

**G) Interfund transactions:**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers



**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

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

**H) Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, workers' compensation claims, net pension asset/liabilities, potential contingent liabilities, and useful lives of capital assets.

Under GASB Statement No. 68, the District must record its proportionate share of pension assets and liabilities, for the TRS and ERS, even though the District has no access to the assets nor does the District manage, invest or control them in any way. The pension systems are mandated cost-sharing, multiple employer retirement systems for public employees in New York State managed by their own governing boards. The assets, net of related liabilities allocated to the District were provided by each pension system to the District, and the underlying assumptions and other information reported by these systems are included in Note 13 to these financial statements. The value of the pension assets are market dependent and based on the investing decisions of each system, and as such, are subject to market fluctuations, positive and negative, that will impact the District's net position each year, and over which the District also has no control. The District had \$46,629,633 of proportionate share of pension assets at June 30, 2022.

**I) Cash and cash equivalents:**

The District's cash and cash equivalents consist of cash on hand and demand deposits.

Certain cash balances are restricted by various legal and contractual obligations, such as reserves established pursuant to state law and debt agreements.

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**J) Receivables:**

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

**K) Inventories and prepaid items:**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount. The District did not have inventory in the school lunch fund as of June 30, 2022.

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 prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items as of June 30, 2022.

**L) Capital assets:**

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

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

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

**M) Deferred outflows of resources:**

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred outflow of resources (deferred charge) can result from the excess of the reacquisition price of old debt over its net carrying amount. This amount, when material, is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District reported \$98,350, as deferred outflows of resources at June 30, 2022 related to the refunding of library and district debt, as further detailed in Note 10, a net decrease of \$63,007 from the prior year.

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

As detailed in Note 13 and 15, pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, the District reported \$29,837,704 of deferred outflows of resources at June 30, 2022 related to pensions, an increase of \$987,638 over the prior year. The District reported deferred outflows of resources related to other postemployment benefits of \$44,115,892 at June 30, 2022. This was an increase of \$7,734,454 from the prior year.

**N) Deferred inflows of resources:**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 13, and 15.

Pursuant to the implementation of GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, the District also reported \$51,254,238, as deferred inflows of resources at June 30, 2022 related to other postemployment benefits, detailed further in Note 15, an increase of \$39,795,667 over the prior year.

As detailed in Note 13, pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the District reported \$55,836,749 of deferred inflows of resources related to pensions reported in the District-Wide Statement of Net Position, an increase of \$46,937,688 from the prior year.

**O) Vested employee benefits:**

**Compensated absences:**

Compensated absences consist of unused vacation time.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at July 1, 2022.

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**P) Other benefits:**

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. In the District-wide financial statements, the cost of post-employment health insurance is recognized on the accrual basis of accounting in accordance with GASB Statement No.75.

**Q) Short-term debt:**

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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 dated. See Note 12 for further detail.

**R) Payables, accrued liabilities and long-term obligations:**

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full, from current financial resources. Claims and judgments, compensated absences, net pension asset/(liability), and other postemployment benefit obligations that will be paid from governmental funds, are reported as a liability in the Fund Financial Statements only to the extent that they are due for payment in the current

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due after one year in the Statement of Net Position.

**S) Equity classifications:**

**i) District-Wide Financial Statements:**

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

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

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

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

**ii) Funds Financial Statements:**

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

**Nonspendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2022, the District did not have any items of nonspendable fund balance.

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The District has classified the following as restricted:

Repair Reserve

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

Capital Reserve

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

Restricted for Debt Service

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

Restricted for Scholarships and Donations

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

Unspent Bond Proceeds

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

**Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

level of decision-making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2022.

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

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

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

iii) Fund Balance Classification

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

iv) Order of Use of Fund Balance

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

T) **Future accounting pronouncements:**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor’s software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.



**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This is the statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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

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

**A) Total fund balances of governmental funds vs. net position of governmental activities:**

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

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

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

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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



**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

iv) Pension and other postemployment benefits differences:

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan. Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) Budgets:**

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget. The voters of the District approve the proposed appropriation budget for the general fund. Budgets are adopted annually on a basis consistent with GAAP. Appropriations are adopted at the program line-item level.

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

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

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**B) Encumbrances:**

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

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash:**

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

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

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

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

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

**Restricted Cash:**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as June 30, 2022, included \$5,468,558 within the governmental funds for general fund reserves, debt service, capital project purposes, other activities and scholarships and donations.

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**B) Investments:**

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

**NOTE 5 – PARTICIPATION IN BOCES:**

During the fiscal year ended June 30, 2022, the District was billed \$3,308,335 for BOCES administrative and program costs. The District's share of BOCES aid totaled \$642,325. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road Garden City, NY 11530-9195.

**NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable at June 30, 2022 consisted of the following:

General Fund	
Excess cost aid	\$ 280,509
ICF and CRP aid	376,742
Federal aid-CARES	17,847
Total - General Fund	<u>675,098</u>
Special Aid Fund	
State aid	109,969
Federal aid	712,633
Total - Special Aid Fund	<u>822,602</u>
School Lunch Fund	
State reimbursement	3,617
Federal reimbursement	190,896
Total - School Lunch Fund	<u>194,513</u>
Capital Projects Fund	
State Aid	<u>100,000</u>
Total - All Funds	<u>\$ 1,792,213</u>

District management has deemed these amounts to be fully collectible.

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**NOTE 7 – TAXES RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:**

Taxes receivable and due from other governments in the general fund at June 30, 2022 consisted of the following:

Nassau County- real property taxes	\$ 1,727,698
Total Taxes Receivable	<u>\$ 1,727,698</u>

Due from Other Governments:	
Other districts- charges for services	\$ 957,470
BOCES- share of state aid	298,109
Total Due from Other Governments	<u>\$ 1,255,579</u>

District management has deemed these amounts to be fully collectible.

**NOTE 8 - CAPITAL ASSETS:**

**A) Capital Assets**

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,421,877			\$ 1,421,877
Construction in progress	4,450,278	\$ 3,385,480	\$ (4,450,278)	3,385,480
Total capital assets not being depreciated	<u>5,872,155</u>	<u>3,385,480</u>	<u>(4,450,278)</u>	<u>4,807,357</u>
Capital assets being depreciated:				
Building and building improvements	107,970,693		4,450,278	112,420,971
Furniture and equipment	13,928,430	868,173	(277,343)	14,519,260
Site improvements	237,022			237,022
Total capital assets being depreciated	<u>122,136,145</u>	<u>868,173</u>	<u>4,172,935</u>	<u>127,177,253</u>
Less accumulated depreciation:				
Building and building improvements	42,064,469	2,589,293		44,653,762
Furniture and equipment	10,455,400	929,443	(194,311)	11,190,532
Site improvements	237,022			237,022
Total accumulated depreciation	<u>52,756,891</u>	<u>3,518,736</u>	<u>(194,311)</u>	<u>56,081,316</u>
Total capital assets being depreciated, net	<u>69,379,254</u>	<u>(2,650,563)</u>	<u>4,367,246</u>	<u>71,095,937</u>
Capital assets, net	<u>\$75,251,409</u>	<u>\$734,917</u>	<u>(\$83,032)</u>	<u>\$75,903,294</u>
Depreciation expense and loss on disposals (unallocated)				<u>\$3,601,768</u>

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**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

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

Interfund balances at June 30, 2022 and interfund activity for the fiscal year ended June 30, 2022 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,091,355	\$ 361,972		\$ 7,209,944
Special aid fund		932,272	\$197,330	
School lunch fund	303,605		766	
Debt service fund	74		3,826,848	
Miscellaneous special revenue fund	56,761	157,477		
Capital projects fund		74	3,185,000	
Totals	<u>\$ 1,451,795</u>	<u>\$ 1,451,795</u>	<u>\$ 7,209,944</u>	<u>\$ 7,209,944</u>

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

**NOTE 10 – DEFERRED OUTFLOWS OF RESOURCES-LIBRARY AND DISTRICT REFUNDING:**

As of June 30, 2022, the deferred charges pertaining to the 2016 district and 2019 library bond refundings as recorded in the District-Wide Financial Statements as a deferred outflows of resources – library and district refunding were:

Deferred charges- 2016 district debt refunding, net	\$30,366
Deferred charges- 2019 library refunding, net	67,984
Total deferred charges on library and district refunding, net	<u>\$98,350</u>

The deferred charges on the 2019 library debt refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the refunded bonds, at the point of refunding. The deferred charges on the 2016 District debt refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 80 months, the time to maturity of the refunded bonds, at the point of refunding. Amortization of

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deferred charges is included as a component of interest expense in the District-Wide Financial Statements. Deferred outflows and inflows are derived from the District's refunding in prior years of outstanding debt, wherein the net benefit of \$674,283 (library) and \$484,982 (district) on a present value basis derived by the District is to be realized over the life of the respective debt.

**NOTE 11 - SHORT-TERM DEBT:**

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/23/2022	1.50%		\$ 12,500,000	\$ 12,500,000	\$ -
Total			\$ -	\$ 12,500,000	\$ 12,500,000	\$ -

The District issues Tax Anticipation Notes (TAN) in anticipation of the receipts of real property taxes from Nassau County in the general fund. Interest on short term debt for 2021-2022 TAN that matured on June 23, 2022 was \$140,104.

**NOTE 12 – LONG-TERM LIABILITIES:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Bonds payable					
School construction serial bonds	\$ 18,175,000		\$ (1,985,000)	\$ 16,190,000	\$ 2,055,000
Library construction serial bonds	6,815,000		(710,000)	6,105,000	750,000
Add: Premiums on obligations	1,371,183		(302,817)	1,068,366	240,818
Total bonds payable	26,361,183	-	(2,997,817)	23,363,366	3,045,818
Other long-term liabilities:					
Energy performance contract debt	799,090		(259,856)	539,234	266,329
Due to ERS-stabilization contribution option *	619,005		(81,019)	537,986	83,722
Claims payable ***	23,959		(11,954)	12,005	7,697
Total other postemployment benefits obligation **	194,890,684	32,691,478	(54,188,166)	173,393,996	
Net pension-proportionate share *	6,942,391		(6,942,391)	-	
Total long-term liabilities	229,636,312	-	(64,481,203)	197,846,587	3,403,566

\* See Note 13    \*\* See Note 15    \*\*\* See Note 16

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

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**A) Bonds Payable:**

Bond payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
School construction	2016	2023	5%	\$1,160,000
School construction	2016	2036	2.00% - 3.00%	5,425,000
School construction	2016	2037	3.00% - 3.50%	4,825,000
School construction	2017	2037	2.00% - 3.00%	4,335,000
School construction	2019	2030	1.75% - 5.00%	445,000
Library construction	2019	2029	4.00% - 5.00%	6,105,000
		Total		<u>\$22,295,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	2,805,000	742,669	3,547,669
2024	1,690,000	624,169	2,314,169
2025	1,755,000	561,419	2,316,419
2026	1,825,000	496,869	2,321,869
2027	1,880,000	429,894	2,309,894
2028-2032	7,080,000	1,305,188	8,385,188
2033-2037	5,260,000	446,478	5,706,478
	<u>\$ 22,295,000</u>	<u>\$ 4,606,686</u>	<u>\$ 26,901,686</u>

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

**B) Energy Performance Contract Debt:**

Energy performance contract debt is comprised of the following:

Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
6/15/2012	6/15/2024	1.977%	\$539,234
			<u>\$539,234</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	267,614	9,325	276,939
2024	271,620	4,034	275,654
	<u>\$539,234</u>	<u>\$13,359</u>	<u>\$552,593</u>

The energy performance contract debt is a master lease purchase agreement. Payments for the year included \$259,856 of principal and \$14,514 of interest.

**C) Long-Term Interest:**

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

Interest paid	\$ 747,919
Less accrued interest in the prior year	(184,381)
Plus accrued interest in the current year	146,760
Plus amortization on deferred charges less premiums on library and district debt	<u>(239,810)</u>
Total interest expense on long-term debt	<u>\$470,488</u>

**D) Premiums on Bonds:**

Premiums on bonds, net of amortization, reported as a component of bonds payable, amounted to \$1,068,366 at of June 30, 2022. This represents premiums received pertaining to the 2016 district and 2019 library refunding's bond issuance. The premium on refunding of library debt is being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the library refunded bonds, at the point of refunding. The premiums on the 2016 issuance and the 2016 refunding of district debt are being amortized on the District-Wide Financial Statements using the straight-line method over 120 months for the bond issuance and 80 months for the bond refunding, the time to maturity of the district refunded bonds, at the point of refunding. Amortization is included as a component of interest expense in the District-Wide Financial Statements.

**NOTE 13 – PENSION PLANS:**

**A) General information:**

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



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**B) Provisions and administration:**

**i) Teachers' Retirement System**

The District participates in the New York State Teachers' Retirement System (TRS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law (RSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**ii) Employees' Retirement System**

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

**C) Funding policies:**

The Systems are noncontributory for the employee who joined the Systems prior to July 27, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010,

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employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined on or after January 1, 2010 and before April 1, 2012 employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers (actuarially required contributions or ARCs) to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The ARC for the NYSTRS for 2021-22 was 9.80%. All required contributions are fully funded by the District when due.

The average ARC for the NYSERS for support personnel was 12.05% in 2021-22, 14.03% in 2020-21, 14.12% in 2019-20, 14.61% of member payroll in 2018-19, 14.93% of member payroll in 2017-18, 15.18% of member payroll in 2016-17, 17.99% of member payroll in 2015-16, 19.24% of member payroll in 2014-15, 20.31% of member payroll in 2013-14, 18.9% of member payroll in 2012-13, 16.3% in 2011-12, 11.2% in 2010-11 and 7% in 2009-10.

The increases in and sustained higher level of contribution rates reflected the impact of cumulative market losses on plan investments spread over a rolling 5-year period. The lower contribution rates over the last three years reflect the incorporation of positive market returns over a rolling five-year period.

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

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

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

The District opted into the NYSERS SCO in 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 and deferred \$453,573, \$293,366, \$118,704, \$96,586 and \$28,937 respectively, net of amortizations and timing differences. The total amount deferred under the NYSERS SCO at June 30, 2022 is \$537,986, reflecting the net remaining balances deferred in 2014-

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15, through 2018-19. The District will annually evaluate its deferral options under the NYSERS SCO.

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

	Required Contributions NYSERS	NYSERS SCO
2021 - 2022	\$1,250,213	(\$537,986)
2020 - 2021	\$1,249,795	(\$619,005)
2019 - 2020	\$1,126,894	(\$697,408)
2018 - 2019	\$1,167,632	(\$773,277)

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022, for ERS and June 30, 2021, for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on an actuarially determined projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u> March 31, 2022	<u>TRS</u> June 30, 2021
Measurement date		
Net pension asset/(liability)	\$ 1,604,686	\$ 45,024,947
District's portion of the Plan's total net pension asset/(liability)	0.0196302%	0.259824%
Change in proportion since prior Measurement date	0.0015670%	0.0092370%

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

For the fiscal year ended June 30, 2022, the District recognized pension expense (credit) of (\$2,538,147) for TRS and (\$410,908) for ERS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 121,525	\$ 6,206,211	\$ 157,625	\$ 233,924
Net difference between projected and actual earnings on pension plan investments			5,254,674	47,123,266
Changes of assumptions	2,678,041	14,809,646	45,189	2,622,570
Changes in proportion and differences between the District's contributions and proportionate share of contributions	738,035	493,846	20,363	379,138
District's contributions subsequent to the measurement date	447,032	4,343,368		
	<u>\$ 3,984,633</u>	<u>\$ 25,853,071</u>	<u>\$ 5,477,851</u>	<u>\$ 50,358,898</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, based on reports provided by the Systems, as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year Ended:		
2022		\$ (5,769,058)
2023	\$ (133,227)	(6,751,761)
2024	(388,700)	(8,562,373)
2025	(1,218,019)	(11,330,335)
2026	(200,304)	2,102,231
Thereafter	-	1,462,101
	<u>\$ (1,940,250)</u>	<u>\$ (28,849,195)</u>

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.9%	6.95%
Salary scale	4.40%	5.18% - 1.95%
Cost of living adjustments	1.40% annually	1.30%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.70%	2.40%

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

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

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

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

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2022</u>		<u>June 30, 2021</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity			4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real estate	9%	5.00%	11%	6.5%
Opportunistic portfolio	3%	4.10%		
Credit	4%	3.78%		
Real assets	3%	5.80%		
Domestic fixed income securities	23%	0.00%	16%	1.3%
Global bonds			2%	0.8%
High-yield bonds			1%	3.8%
Private debt			1%	5.9%
Real estate debt			7%	3.3%
Cash and cash equivalents	1%	-1.00%	1%	-0.2%
	<u>100%</u>		<u>100%</u>	

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

**Discount Rate**

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

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<b>ERS</b>			
District's proportionate share of the net pension asset/(liability)	<u>(\$4,130,444)</u>	<u>\$1,604,686</u>	<u>\$6,401,845</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<b>TRS</b>			
District's proportionate share of the net pension asset/(liability)	<u>\$4,724,712</u>	<u>\$45,024,947</u>	<u>\$78,894,370</u>

**Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement dates	March 31, 2022	June 30, 2021
Employers' total pension asset/(liability)	\$ (223,874,888)	\$ (130,819,415)
Plan Fiduciary Net Position	<u>232,049,473</u>	<u>148,148,457</u>
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>

Ratio of plan fiduciary net position to the		
Employers' total pension asset/(liability)	103.65%	113.25%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022, through June 30, 2022, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022, amounted to \$447,032. In addition, provision is made in payables for amortization payments due under the ERS SCO of \$305,625.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the System in September, October and November 2022 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2022, represent employee and employer contributions for the fiscal year ended June 30, 2022, based on paid TRS wages multiplied by the employer's



**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022, amounted to \$4,930,560.

**NOTE 14 – OTHER RETIREMENT PLANS:**

**A) Tax sheltered annuities:**

The District has adopted a 403(b)-plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$72,459 and \$2,736,145 respectively.

**B) Deferred compensation plan:**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$541,207.

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

**A) General Information about the OPEB Plan:**

Plan Description

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

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 76% and 100% of premiums for retirees, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2022, the District and retirees contributed an estimated \$4,912,319 to the Plan, including \$4,912,319 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.



**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Employees Covered by Benefit Terms**

At July 1, 2022, the following employees and inactive employees, including beneficiaries, were covered by the benefit terms:

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

**B) Total OPEB Liability:**

The District's Total OPEB Liability of \$173,393,996 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**Actuarial Assumptions and Other Inputs**

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

Inflation	2.00%
Discount rate	3.54%
Healthcare cost trend rates	In 2021, 7.0% for non-medicare, 5.00% for medicare, decreasing to an ultimate rate of 5.0% in 2025, and later years
Retirees' share of benefit-related costs	6% to 24% of health insurance premiums for retirees, and 6% to 24% of surviving spouse coverage

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The assumed discount rate was changed from 2.16% at June 30, 2021 to 3.54% at June 30, 2022.

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

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**C) Changes in the Total OPEB Liability:**

Balance at June 30, 2021	\$ 194,890,684
Changes for the fiscal year:	
Service cost	8,969,758
Interest	4,668,652
Differences between expected and actual experience	19,053,068
Changes in benefit terms	(101,652)
Changes in assumptions	(49,174,195)
Benefit payments	(4,912,319)
Net changes	<u>(21,496,688)</u>
Balance at June 30, 2022	<u>\$ 173,393,996</u>

The assumed discount rate was changed from 2.16% at June 30, 2021 to 3.54% at June 30, 2022.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$204,352,269</u>	<u>\$173,393,996</u>	<u>\$148,900,371</u>

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$146,479,699</u>	<u>\$173,393,996</u>	<u>\$208,469,176</u>

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$15,467,844. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,682,405	\$ 5,435,177
Changes of assumptions or other inputs	<u>27,433,487</u>	<u>45,819,061</u>
	<u>\$ 44,115,892</u>	<u>\$ 51,254,238</u>

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

Fiscal Year ended June 30:	
2023	1,931,086
2024	1,931,086
2025	1,931,086
2026	(3,225,044)
2027	(4,857,524)
Thereafter	<u>(4,849,036)</u>
Total	<u>\$ (7,138,346)</u>

**NOTE 16 – RISK MANAGEMENT:**

**A) General:**

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

**B) Consortiums and Self-Insured Plans:**

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

is operated for the benefit of individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool. The District also maintains certain policies outside of NYSIR to supplement or insure specific risks.

The District participates in the Nassau County Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. Long-term liabilities include \$12,006 for reported claims which were incurred through November 18, 2010 but were reported through June 30, 2022. The District's share of the total liability discounted at 1% for incurred but unpaid claims and incurred but not reported claims is \$1,077,775. As of June 30, 2022, the Workers' Compensation Plan has plan assets of \$24,787,526 to pay these liabilities.

Workers' compensation balances and activity for the current and proceeding year ended June 30th are as follows:

	Fiscal Year 2022	Fiscal Year 2021
Unpaid claims at beginning of year	\$23,959	\$18,402
Incurred claims and claim adjustment expenses	9,948	31,116
Claim payments and adjustments	(45,913)	(25,559)
Unpaid claims at year end	<u>(\$12,006)</u>	<u>\$23,959</u>

**NOTE 17 – COMMITMENT AND CONTINGENCIES:**

**A) Assigned: Appropriated:**

The amount of \$724,067 has been designated as the amount estimated to be appropriated to reduce taxes for the fiscal year ending June 30, 2022 in the general fund.

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**B) Encumbered:**

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2022, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 470,449
Instruction	116,917
Employee benefits	2,834
	<u>590,200</u>
Restricted and assigned:	
Capital Projects Fund	<u>\$ 1,375,527</u>
 School Lunch Fund	 <u>\$ 20,859</u>
 Special Aid Fund	 <u>\$ 42,955</u>
 Total encumbrances	 <u>\$ 2,029,541</u>

**C) Grants:**

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

**D) Litigation:**

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

**NOTE 18 - TAX ABATEMENTS:**

The Town of North Hempstead, under the authority of Section 577 of New York Private Housing Finance Law, entered into property tax abatement programs with various housing development

**MANHASSET UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The Districts tax abatement information was not available at the time of financial statement publishing. The District received Payments in Lieu of Tax (PILOT) payments totaling \$32,654 for these programs during the fiscal year.

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

**NOTE 19 – SUBSEQUENT EVENTS:**

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

On October 5, 2022, the District issued a tax anticipation note for \$9,000,000 maturing on December 29, 2022, for the interim financing of the general fund operations. This note includes a total premium of \$1,800.

## **SUPPLEMENTARY INFORMATION**

**MANHASSET UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 92,147,707	\$ 92,147,707	\$ 91,097,445	\$ (1,050,262)
Other tax items, including STAR and PILOT	1,596,357	1,596,357	2,626,350	1,029,993
Charges for services	1,063,904	1,063,904	1,181,969	118,065
Use of money & property	45,000	45,000	12,033	(32,967)
Sale of property and compensation for loss	30,000	30,000	153,806	123,806
Miscellaneous	196,522	196,522	249,628	53,106
Library debt service reimbursement	1,023,000	1,023,000	1,023,000	-
<b>State Sources</b>				
Basic formula	4,147,830	4,147,830	3,886,048	(261,782)
Lottery aid	-	-	85,088	85,088
BOCES aid	625,847	625,847	642,325	16,478
Tuition for students with disabilities	340,587	340,587	491,927	151,340
Textbook aid	196,615	196,615	196,536	(79)
Computer software aid	55,996	55,996	55,996	-
Library A/V loan program aid	23,362	23,362	23,362	-
Other state aid	50,000	50,000	34,384	(15,616)
<b>Federal Sources</b>				
Grants	33,382	33,382	46,681	13,299
Medicaid reimbursements	20,000	20,000	24,047	4,047
<b>TOTAL REVENUES</b>	<u>\$ 101,596,109</u>	<u>\$ 101,596,109</u>	<u>\$ 101,830,625</u>	<u>\$ 234,516</u>
Appropriated fund balance	724,067	1,329,646		
Appropriated reserves	240,823	3,240,823		
<b>TOTAL REVENUES &amp; APPROPRIATED FUND BALANCE AND RESERVES</b>	<u>\$ 102,560,999</u>	<u>\$ 106,166,578</u>		

**Note to Required Supplementary Information**

Budget Basis of Accounting

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



MANHASSET UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 102,118	\$ 101,493	\$ 97,766	\$ 2,100	\$ 1,627
Central administration	357,723	906,255	900,158		6,097
Finance	1,208,082	1,257,900	1,223,807	9,478	24,615
Staff	932,498	1,219,493	1,197,846		21,647
Central services	7,005,172	7,405,839	6,852,938	458,871	94,030
Special items	851,205	878,319	878,318		1
Total General Support	10,456,798	11,769,299	11,150,833	470,449	148,017
Instruction					
Administration, and improvement	3,121,234	2,966,793	2,855,217	9,785	101,791
General education	30,403,494	29,967,289	29,659,422	35,330	272,537
Special education	12,661,962	12,514,931	12,417,713	37,324	59,894
Occupational education	53,580	53,580	50,050		3,530
Summer school	12,000	12,000	2,698		9,302
Instructional media	4,837,006	4,860,137	4,681,011	34,478	144,648
Pupil services	6,861,132	7,009,477	6,875,698		133,779
Total Instruction	57,950,408	57,384,207	56,541,809	116,917	725,481
Pupil transportation	5,373,924	5,375,342	5,058,110	-	317,232
Employee benefits	24,466,021	24,204,850	23,988,532	2,834	213,484
Debt service					
Debt service - interest	82,000	16,032	16,032		-
<b>TOTAL EXPENDITURES</b>	98,329,151	98,749,730	96,755,316	590,200	1,404,214
Other Financing Uses					
Transfers to other funds	4,231,848	7,416,848	7,209,944		206,904
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 102,560,999</b>	<b>\$ 106,166,578</b>	<b>103,965,260</b>	<b>\$ 590,200</b>	<b>\$ 1,611,118</b>
<b>NET CHANGE IN FUND BALANCES</b>			(2,134,635)		
<b>FUND BALANCES - BEGINNING OF YEAR</b>			9,658,243		
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 7,523,608</b>		

Budget Basis of Accounting

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

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

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

**Notes to Schedule:***Trust Assets*

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

*Change of Assumption:*

The discount rate was 3.54% as of June 30, 2022.

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.87% as of June 30, 2019.

The discount rate was 3.58% as of June 30, 2018.

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

NYSTERS Pension Plan										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension asset (liability)	0.0196702%	0.0180632%	0.0180660%	0.0188791%	0.0188249%	0.0185850%	0.0196989%	0.0199034%	0.0199034%	**
District's proportionate share of the net pension asset (liability)	\$ 1,604,686	\$ (17,986)	\$ (4,783,980)	\$ (1,337,643)	\$ (607,564)	\$ (1,746,287)	\$ (3,161,723)	\$ (672,386)	\$ (899,407)	**
District's covered payroll	\$ 8,161,056	\$ 7,603,254	\$ 7,766,058	\$ 7,394,693	\$ 7,467,050	\$ 7,161,106	\$ 6,802,586	\$ 6,421,165	\$ 6,398,909	
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	19.66%	0.24%	61.60%	18.09%	8.14%	24.39%	46.88%	10.47%	14.06%	
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%	**

NYSTRS Pension Plan										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension asset (liability)	0.259824%	0.250587%	0.251874%	0.257382%	0.260177%	0.265540%	0.260418%	0.255969%	0.266982%	**
District's proportionate share of the net pension asset (liability)	\$ 45,024,947	\$ (6,924,405)	\$ 6,543,704	\$ 4,654,155	\$ 1,977,606	\$ (2,844,041)	\$ 27,049,135	\$ 28,513,321	\$ 1,757,430	**
District's covered payroll	\$ 44,639,783	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	\$ 42,043,664	\$ 41,531,772	\$ 39,984,542	\$ 38,554,664	\$ 39,629,369	
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	100.86%	15.95%	15.16%	10.80%	4.70%	6.85%	67.65%	73.96%	4.43%	
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.25%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%	**

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

\*\* Information is provided to the District by each pension system. The underlying assumptions and other information are included in Note 13

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

	2022	2021	2020	2019	NYSERS Pension Plan					2013
					2018	2017	2016	2015	2014	
Contractually required contribution	\$ 1,250,213	\$ 1,249,795	\$ 1,126,894	\$ 1,167,632	\$ 1,057,595	\$ 988,469	\$ 926,100	\$ 1,162,241	\$ 795,633	\$ 1,221,061
Contributions in relation to the contractually required contribution	1,250,213	1,249,795	1,126,894	1,167,632	1,057,595	988,469	926,100	1,162,241	795,633	1,221,061
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 8,139,138	\$ 8,056,328	\$ 7,808,133	\$ 7,471,508	\$ 7,442,763	\$ 7,151,177	\$ 6,853,361	\$ 6,696,766	\$ 6,605,971	\$ 6,604,042
Contributions as a percentage of covered payroll	15.36%	15.51%	14.43%	15.63%	14.21%	13.82%	13.51%	17.36%	12.04%	18.49%

	2022	2021	2020	2019	NYSTRS Pension Plan					2013
					2019	2017	2016	2015	2014	
Contractually required contribution	\$ 4,343,368	\$ 4,202,768	\$ 3,769,741	\$ 4,464,846	\$ 4,108,623	\$ 4,832,101	\$ 5,433,344	\$ 6,857,442	\$ 6,144,217	\$ 4,630,282
Contributions in relation to the contractually required contribution	4,343,368	4,202,768	3,769,741	4,464,846	4,108,623	4,832,101	5,433,344	6,857,442	6,144,217	4,630,282
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 45,381,553	\$ 44,639,783	\$ 43,400,747	\$ 43,159,293	\$ 43,108,944	\$ 42,043,664	\$ 41,531,777	\$ 39,984,542	\$ 38,554,664	\$ 39,629,369
Contributions as a percentage of covered payroll	9.57%	9.41%	8.69%	10.35%	9.53%	11.49%	13.08%	17.15%	15.94%	11.68%

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

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

**MANHASSET UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT  
JUNE 30, 2022**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	<b>\$102,320,176</b>
Add: Prior year's encumbrances	<u>240,823</u>
Original Budget	102,560,999
Budget Revisions:	
Appropriated fund balance - COVID-19 and cyber attack expenditures	373,241
Appropriated fund balance - workers compensation expenditures	47,338
Appropriated capital reserve-2018	3,000,000
Appropriated fund balance- capital projects	<u>185,000</u>
Final Budget	<u><b>\$106,166,578</b></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2022-23 voter approved expenditure budget	<u><b>\$104,596,962</b></u>
Maximum allowed (4% of the 2022-2023 budget)	<u><b>\$4,183,878</b></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,314,267
Unassigned fund balance	<u>4,183,878</u>
Total unrestricted fund balance	5,498,145
Less:	
Appropriated fund balance	724,067
Encumbrances included in assigned fund balance	<u>590,200</u>
Total adjustments	<u>1,314,267</u>
General fund fund Balance Subject to Section 1318 of Real Property Tax Law*	<u><b>\$4,183,878</b></u>
Actual percentage*	4.00%

**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND**  
**JUNE 30, 2022**

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2022
			Prior Year's	Current Year	Total			Federal & State Aid	Local Sources		
2014 Capital Projects Bond	\$ 22,609,870	\$ 22,640,026	\$ 21,884,718	\$ 698,285	\$ 22,583,003	\$ 57,023	\$ 19,493,194	\$ -	\$ 3,146,833	\$ 22,640,027	\$ 57,024
2018 Smart Schools Bond Act	93,767	144,324	144,324	-	144,324	-	-	144,324	-	144,324	-
2019 Security Vestibules	156,410	161,106	161,106	-	161,106	-	-	100,000	61,106	161,106	-
2019 Capital Projects	5,830,000	6,080,000	4,438,939	888,805	5,327,744	752,256	-	250,000	5,373,653	5,623,653	295,909
2021 Capital Projects	1,917,685	1,917,685	81,349	1,757,453	1,838,802	78,883	-	-	1,917,685	1,917,685	78,883
Softball Field Project	3,185,000	3,185,000	-	40,937	40,937	3,144,063	-	-	3,185,000	3,185,000	3,144,063
<b>TOTAL</b>	<b>\$ 33,792,732</b>	<b>\$ 34,128,141</b>	<b>\$ 26,710,436</b>	<b>\$ 3,385,480</b>	<b>\$ 30,095,916</b>	<b>\$ 4,032,225</b>	<b>\$ 19,493,194</b>	<b>\$ 494,324</b>	<b>\$ 13,684,277</b>	<b>\$ 33,671,795</b>	<b>\$ 3,575,879</b>

**MANHASSET UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2022**

<b>Capital assets, net</b>		<b>\$ 75,903,294</b>
<b>Add:</b>		
Deferred charges on refunding	\$ 98,350	
Unspent bond proceeds	<u>57,024</u>	155,374
<b>Deduct:</b>		
Short-term portion of bonds payable, inclusive of unamortized premium	\$ (3,045,818)	
Long-term portion of bonds payable, inclusive of unamortized premium	<u>(20,317,548)</u>	(23,363,366)
Short-term portion of energy performance debt	\$ (266,329)	
Long-term portion of energy performance debt	<u>(272,905)</u>	<u>(539,234)</u>
<b>Net investment in capital assets</b>		<b><u>\$ 52,156,068</u></b>

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

To the Board of Education  
Manhasset Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Manhasset Union Free School District (the "District"), as of and for the year ended June 30, 2022, 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 31, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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



## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 31, 2022