

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

NANUET UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Nanuet 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 Nanuet Union Free School District (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other postemployment benefits liability and related ratios, schedule of District's proportionate share of the net pension asset/(liability), and the schedule of the District's contributions on pages 1 through 14 and 57 through 61, 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 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 3, 2023

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

Exhibit I

The following is a discussion and analysis of the Nanuet Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District's financial activities based on currently known facts, decisions, or 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

- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$89,095,027. Total program revenue which consists of charges for services and operating grants was \$5,244,571. Total general revenue which primarily consists of property taxes and other tax items and state aid was \$79,806,679.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$3,650,818 as a result of revenues exceeding expenditures and other financing uses.
- On February 27, 2023, the District issued serial bonds of \$12,305,000 with a premium of \$1,066,899 at a coupon rate between 3.125% - 5.00%.

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:

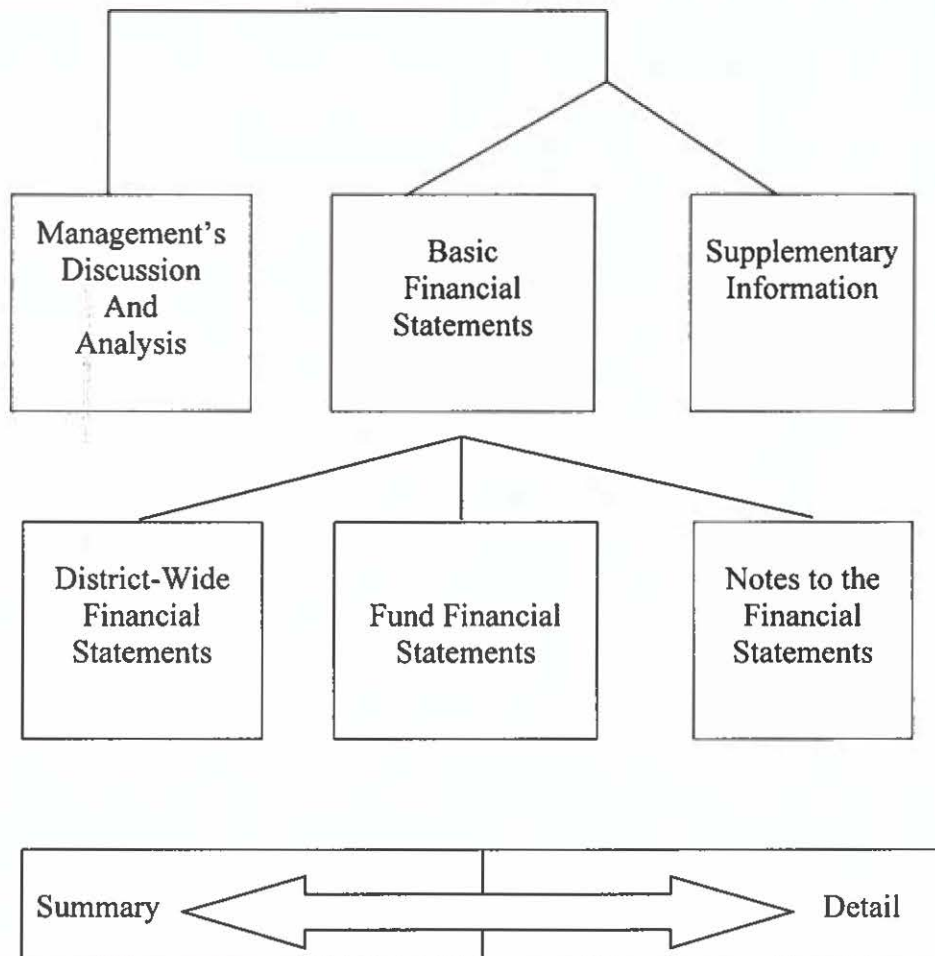
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial 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 Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

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

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

Exhibit I

Organization of the District's Annual Financial Report



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

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

Exhibit I

Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial 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 other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), both short-term and long-term; these 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

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

Exhibit I

A) District-Wide Financial Statements:

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

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

- Over time, increases and decreases in net position is 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 and intangible lease 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 or amortization expense is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are both accounted for in account groups and do not affect the fund balances.

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

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

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

Exhibit I

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 there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or fiduciary for assets that belong to others. 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 since it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

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

Exhibit I

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's net deficit increased by \$4,043,777 in the fiscal year ended June 30, 2023, as detailed in the Table below.

Condensed Statement of Net Position

	2023	2022	Change	Total Percentage Change
Current assets	\$ 53,739,023	\$ 46,024,031	\$ 7,714,992	16.76%
Non-current assets	62,941,637	53,327,744	9,613,893	18.03%
Net pension asset -proportionate share	-	29,773,942	(29,773,942)	-100.00%
Total Assets	116,680,660	129,125,717	(12,445,057)	-9.64%
Deferred outflows of resources	58,670,236	71,026,918	(12,356,682)	-17.40%
Total assets and deferred outflows of resources	175,350,896	200,152,635	(24,801,739)	-12.39%
Current liabilities	6,035,667	7,186,279	(1,150,612)	-16.01%
Long-term liabilities	184,813,747	191,063,294	(6,249,547)	-3.27%
Total Liabilities	190,849,414	198,249,573	(7,400,159)	-3.73%
Deferred inflows of resources	33,514,277	46,872,080	(13,357,803)	-28.50%
Total liabilities and deferred inflows of resources	224,363,691	245,121,653	(20,757,962)	-8.47%
Net Position				
Net investment in capital assets	41,461,872	22,661,170	18,800,702	82.96%
Restricted	24,145,118	19,876,486	4,268,632	21.48%
Unrestricted (deficit)	(114,619,785)	(87,506,674)	(27,113,111)	30.98%
Total Net Position (deficit)	\$ (49,012,795)	\$ (44,969,018)	\$ (4,043,777)	8.99%

Current assets increased by \$7,714,992 due to an increase in cash and cash equivalents. Non-current assets increased by \$9,613,893 primarily due to current year capital asset additions exceeding depreciation and amortization expense. The District reported a decrease in the net pension asset – proportionate share for the teachers' retirement system and employees' retirement system in the amount of \$29,773,942 as a result of the actuarial valuations provided by the State.

Current liabilities decreased by \$1,150,612 due to a decrease in accounts payable offset by an increase in due to teachers' retirement system. Long-term liabilities decreased by \$6,249,547 as a result of changes in pension and OPEB related expenses based on the current year's actuarial valuations.

The changes in deferred inflows and outflows of resources relate to changes in the District's pension and other post-employment benefits plans. The change in the deferred outflows of resources also represents the amortization on the deferred amounts on refunding as discussed in Note 12. Factors affecting the District's pension plans include amortization of pension related items, contributions

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

Exhibit I

subsequent to the measurement date, and changes in actuarial assumptions, as discussed in Note 13. Factors affecting the District's other post-employment benefit plan include service costs, interest costs, and changes in actuarial assumptions, as discussed in Note 15.

The net investment in capital assets relates to the investment in capital assets and intangible lease assets at cost (and at present value of future lease payments remaining on the lease term for intangible lease assets) such as land, construction in progress, buildings and improvements, furniture and equipment, net of accumulated depreciation and amortization and related debt. This number increased by \$18,800,702 as a result of capital additions, unspent bond proceeds and deferred amounts on refunding exceeding bonds payable, lease liabilities, and energy performance contract debt payable.

The restricted net position at June 30, 2023, relates to the District's reserve funds established for specific purposes as well as debt service and capital projects. Restricted net position increased by \$4,268,632 due to increases in restricted reserves.

The total net deficit increased by \$4,043,777 as a result of the activities noted below.

B) Changes in Net Position:

The results of government-wide operations are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023, and 2022 are as follows:

Change in Net Position from Operating Results

	2023	2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 913,229	\$ 580,101	\$ 333,128	57.43%
Operating grants	4,331,342	3,072,004	1,259,338	40.99%
Capital grants		278,103	(278,103)	-100.00%
General Revenues				
Real property taxes and other tax items	61,724,173	61,715,790	8,383	0.01%
Use of money and property	1,695,629	84,682	1,610,947	1902.35%
Sale of property and compensation for loss	13,032	54,666	(41,634)	-76.16%
Miscellaneous	334,099	259,137	74,962	28.93%
State Sources	16,039,746	12,530,555	3,509,191	28.01%
Total Revenues	85,051,250	78,575,038	6,476,212	8.24%
Expenses				
General support	14,151,727	13,594,570	557,157	4.10%
Instruction	69,605,560	65,803,842	3,801,718	5.78%
Pupil transportation	3,583,453	2,968,252	615,201	20.73%
Food service program	933,310	997,307	(63,997)	-6.42%
Debt service - interest	820,977	547,412	273,565	49.97%
Total Expenses	89,095,027	83,911,383	5,183,644	6.18%
Total Change in Net Position	\$ (4,043,777)	\$ (5,336,345)	\$ 1,292,568	-24.22%

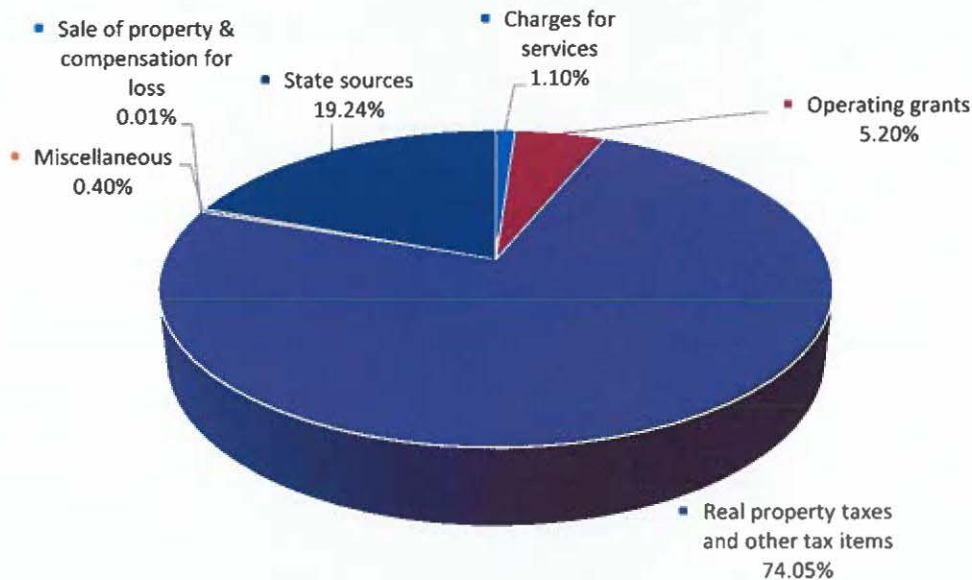
**NANUET UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit I

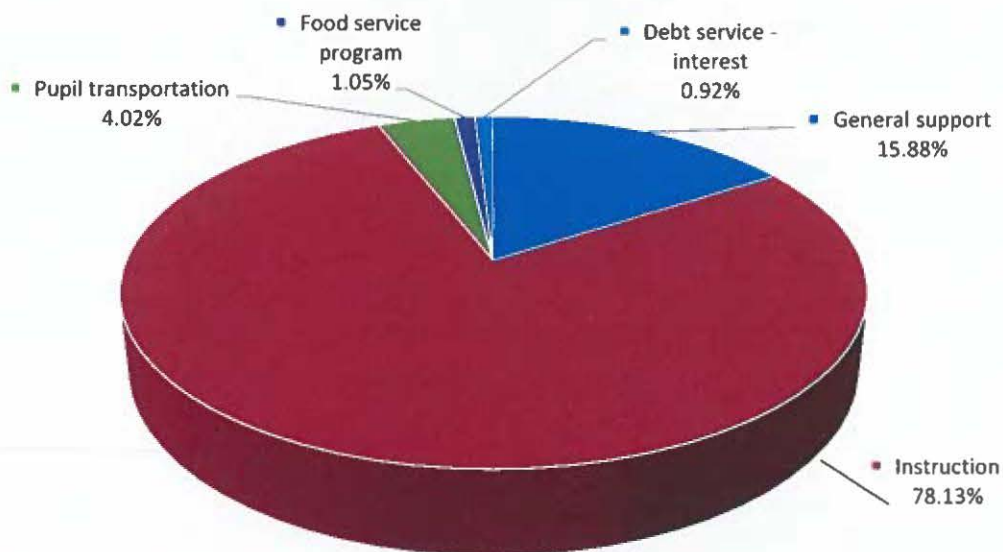
The District's fiscal year 2023 revenues totaled \$85,051,250. Real property taxes and other tax items and state sources accounted for 74.05% and 19.24%, respectively of the District's revenue. The remainder came from fees for charges for services, operating grants, use of money and property, sale of property and compensation for loss and other miscellaneous sources.

The total cost of all programs and services totaled \$89,095,027. Instruction and general support activities accounted for 78.13% and 15.88%, respectively, of the District expenses. Total expenses increased by \$5,183,644 or 6.18% due to increases in general support and instruction expenses.

Revenues for Fiscal Year 2023



Expenditures for Fiscal Year 2023



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

Exhibit I

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the 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 resource's measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term liabilities, certain deferred outflows or inflows, and non-current assets purchased by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$47,978,102. See Table on the following page for more information.

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

Exhibit I

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

	2023	2022	Increase/ (Decrease)	Percentage Change
General Fund				
Restricted for retirement contribution	\$ 6,464,896	\$ 5,641,775	\$ 823,121	14.59%
Restricted for capital	3,255,724	1,000,000	2,255,724	225.57%
Restricted for repairs	207,297	199,042	8,255	4.15%
Restricted for tax certiorari	12,633,248	12,182,959	450,289	3.70%
Restricted for employee benefit accrued liability	506,606	48,364	458,242	947.49%
Assigned- general support	379,224	473,668	(94,444)	-19.94%
Assigned- instruction	44,280	98,585	(54,305)	-55.08%
Assigned - pupil transportation		14,188	(14,188)	-100.00%
Assigned- designated for subsequent year's expenditures	3,691,053	4,088,691	(397,638)	-9.73%
Unassigned	3,514,640	3,298,878	215,762	6.54%
Total Fund Balance - General Fund	<u>\$ 30,696,968</u>	<u>\$ 27,046,150</u>	<u>\$ 3,650,818</u>	13.50%
School Lunch Fund				
Nonspendable: inventory	\$ 30,647	\$ 35,596	\$ (4,949)	-13.90%
Assigned - unappropriated	303,872	269,886	33,986	12.59%
Total Fund Balance - School Lunch Fund	<u>\$ 334,519</u>	<u>\$ 305,482</u>	<u>\$ 29,037</u>	9.51%
Miscellaneous Special Revenue Fund				
Assigned - unappropriated	\$ 40,276	\$ 48,045	\$ (7,769)	-16.17%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 40,276</u>	<u>\$ 48,045</u>	<u>\$ (7,769)</u>	-16.17%
Capital Projects Fund				
Unspent bond proceeds	\$ 11,231,261	\$ 8,321,269	\$ 2,909,992	34.97%
Assigned - unappropriated	4,597,731	2,551,891	2,045,840	80.17%
Total Fund Balance Capital Projects Fund	<u>\$ 15,828,992</u>	<u>\$ 10,873,160</u>	<u>\$ 4,955,832</u>	45.58%
Debt Service Fund				
Restricted	\$ 1,077,347	\$ 804,346	\$ 273,001	33.94%
Total Fund Balance - Debt Service Fund	<u>\$ 1,077,347</u>	<u>\$ 804,346</u>	<u>\$ 273,001</u>	33.94%
Total Fund Balance - All Funds	<u>\$ 47,978,102</u>	<u>\$ 39,077,183</u>	<u>\$ 8,900,919</u>	22.78%

A) General Fund

The net change in fund balance in the general fund is an increase of \$3,650,818 as a result of revenues of \$79,911,347 exceeding expenditures and other financing uses of \$76,260,529.

B) School Lunch Fund

The net change in fund balance in the school lunch fund is an increase of \$29,037 as a result of revenues of \$952,275 exceeding expenditures of \$923,238.

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

Exhibit I

C) Miscellaneous Special Revenue Fund

The net change in fund balance in the miscellaneous special revenue fund is due to expenditures exceeding revenues for extraclassroom activities.

E) Capital Projects Fund

The fund balance in the capital projects fund increased by \$4,955,832 as a result of proceeds from serial bonds, premiums and operating transfers offset by capital outlay.

D) Debt Service Fund

The net change in fund balance in the debt service fund represents interest earned.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget:

The District's general fund adopted budget for the fiscal year ended June 30, 2023 was \$82,471,953. The budget was increased by prior year encumbrances carried forward in amount of \$586,441 plus budget revisions of \$113,687, resulting in a final budget of \$83,172,081. The budget was primarily funded by real property taxes and other tax items budget of \$61,663,259.

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

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

Opening, unassigned fund balance	\$ 3,298,878
Revenues over budget	1,517,970
Expenditures, other financing uses and encumbrances under budget	6,488,048
Transfers to reserves	(3,291,593)
Interest allocated to reserves	(807,610)
Assigned, appropriated for June 30, 2024 Budget	(3,691,053)
Closing, unassigned fund balance	<u>\$ 3,514,640</u>

The opening unassigned fund balance of \$3,298,878 is the unassigned fund balance at June 30, 2022.

The revenues over budget of \$1,517,970 was primarily due to revenues from use of money and property exceeding budgeted amounts. Refer to Supplemental Schedule #1 for more details.

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

Exhibit I

The expenditures, other financing uses and encumbrances under budget of \$6,488,048 were primarily in instruction, employee benefits and general support expenditures. Refer to Supplemental Schedule #1 for more details.

The District transferred \$3,291,593 to the reserves as follows: \$589,133 to the teachers' retirement system contribution reserve, \$500,000 to the employee benefit accrued liability reserve, \$2,193,513 to the capital reserve and \$8,947 to the tax certiorari reserve.

Interest of \$807,610 was allocated to the reserves in accordance with District policy.

The District assigned \$3,691,053 to partially fund the 2023-2024 budget.

The ending unassigned fund balance was \$3,514,640 at June 30, 2023. The District's unassigned fund balance is in compliance with NYS Real Property Tax Law §1318. See Supplemental Schedule #5 for more details.

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

A) Capital Assets and Intangible Lease Assets:

The District paid for equipment, and various building additions and renovations during the year. A summary of the District's net capital assets are as follows:

Capital Assets and Intangible Lease Assets (Net of Accumulated Depreciation and Amortization)

Category	2023	2022	Net Increase/ (Decrease)	Percentage Change
Land	\$ 17,429,991	\$ 17,429,991	\$ -	0.00%
Construction in Progress	17,184,430	5,956,450	11,227,980	188.50%
Buildings & Improvements	60,652,620	60,188,633	463,987	0.77%
Machinery & Equipment	2,274,648	2,250,826	23,822	1.06%
Subtotal	97,541,689	85,825,900	11,715,789	13.65%
Less: Accumulated Depreciation	35,143,867	33,495,763	1,648,104	4.92%
Total Net Capital Assets	\$ 62,397,822	\$ 52,330,137	\$ 10,067,685	19.24%
Intangible Lease Assets, Net	\$ 543,815	\$ 997,607	(453,792)	-45.49%

Depreciation expense amounted to \$1,648,104 and amortization expense was \$453,792 for the fiscal year ended June 30, 2023. See Note 8 to the financial statements for additional detail.

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

Exhibit I

B) Long-Term Debt:

The increase in bonds payable (net of unamortized premium) is due to a new bond and premium issued for \$13,371,899 offset by principal payments and amortization expense of \$3,297,077. The decrease in lease liability is due to lease payments of \$456,278. The decrease in energy performance contract debt payable is due to principal payments of \$183,875. More detailed information about the District's long-term debt is presented in Note 11 to the financial statements.

A following chart is a summary of outstanding debt at June 30, 2023 and 2022:

	2023	2022	Increase (Decrease)
Bonds payable, net of unamortized premium	\$ 37,200,774	\$ 27,125,952	\$ 10,074,822
Lease liability	552,784	1,009,062	(456,278)
Energy performance contract debt payable	647,855	831,730	(183,875)
Total	<u>\$ 38,401,413</u>	<u>\$ 28,966,744</u>	<u>\$ 9,434,669</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2023-2024 school year in the amount of \$87,866,034 was approved by voters. This is an increase of \$5,394,081 or 6.54% over the current year's budget.
- B) The NYS Legislature has introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the District's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

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

Exhibit I

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Nanuet Union Free School District
Mr. Mario Spagnuolo
Assistant Superintendent for Business
101 Church Street
Nanuet, New York 10954
(845)-627-9882

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

ASSETS**Current assets**

Cash and cash equivalents	
Unrestricted	\$ 16,021,743
Restricted	35,314,543
Receivables	
Accounts receivable	5,424
State and federal aid	1,363,911
Due from other governments	1,002,755
Inventory	30,647

Non-current assets

Capital assets	
Non-depreciable capital assets	34,614,421
Capital assets, net of accumulated depreciation	27,783,401
Intangible lease assets, net of amortization	543,815

TOTAL ASSETS116,680,660**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	19,775,311
Other post-employment benefits obligation	38,624,538
Deferred amounts on refunding	270,387

TOTAL DEFERRED OUTFLOWS OF RESOURCES58,670,236**LIABILITIES**

Payables	
Accounts payable	1,667,872
Accrued liabilities	325,563
Due to other governments	1,814
Due to teachers' retirement system	3,426,307
Due to employees' retirement system	231,561
Other liabilities	8,293
Accrued interest payable	274,746
Unearned credits	
Collections in advance	99,511
Long-term liabilities	
Due and payable within one year	
Bonds payable, net of unamortized premium	3,082,641
Lease liability	293,999
Energy performance contract debt payable	190,946
Compensated absences payable	38,000
Due and payable after one year	
Bonds payable, net of unamortized premium	34,118,133
Lease liability	258,785
Energy performance contract debt payable	456,909
Compensated absences payable	249,481
Net pension liability-proportionate share-employees' retirement system	3,717,951
Net pension liability-proportionate share-teachers' retirement system	3,190,699
Total other post-employment benefits obligation	139,216,203

TOTAL LIABILITIES190,849,414**DEFERRED INFLOWS OF RESOURCES**

Pensions	1,851,470
Other post-employment benefits obligation	31,662,807

TOTAL DEFERRED INFLOWS OF RESOURCES33,514,277**NET POSITION**

Net investment in capital assets	41,461,872
Restricted:	
Retirement contribution	
Employees' retirement system	3,616,092
Teachers' retirement system	2,848,804
Capital	3,255,724
Repair	207,297
Tax certiorari	12,633,248
Employee benefit accrued liability	506,606
Debt service	1,077,347
	<u>24,145,118</u>
Unrestricted (deficit)	<u>(114,619,785)</u>

TOTAL NET POSITION (DEFICIT)\$ (49,012,795)

**NANUET UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS / PROGRAMS				
General support	\$ (14,151,727)	\$ -	\$ -	\$ (14,151,727)
Instruction	(69,605,560)	486,424	3,807,174	(65,311,962)
Pupil transportation	(3,583,453)			(3,583,453)
Food service program	(933,310)	426,805	524,168	17,663
Debt service - interest	(820,977)			(820,977)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (89,095,027)</u>	<u>\$ 913,229</u>	<u>\$ 4,331,342</u>	<u>\$ (83,850,456)</u>
GENERAL REVENUES				
Real property taxes				55,280,414
Other tax items - including STAR reimbursement				6,443,759
Use of money and property				1,695,629
Sale of property and compensation for loss				13,032
Miscellaneous				304,266
State sources				16,039,746
Medicaid reimbursement				29,833
TOTAL GENERAL REVENUES				<u>79,806,679</u>
CHANGE IN NET POSITION				(4,043,777)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(44,969,018)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (49,012,795)</u>

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

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 10,581,530	\$ 5,155	\$ 375,292	\$ 40,276	\$ 5,019,490	\$ -	\$ 16,021,743
Restricted	23,067,771				11,231,261	1,015,511	35,314,543
Receivables							
Accounts receivable	5,424						5,424
State and federal aid	225,849	1,104,445	33,617				1,363,911
Due from other governments	1,002,755						1,002,755
Due from other funds	815,131				545,644	61,836	1,422,611
Inventory			30,647				30,647
TOTAL ASSETS	<u>\$ 35,698,460</u>	<u>\$ 1,109,600</u>	<u>\$ 439,556</u>	<u>\$ 40,276</u>	<u>\$ 16,796,395</u>	<u>\$ 1,077,347</u>	<u>\$ 55,161,634</u>
LIABILITIES AND FUND BALANCES							
Payables							
Accounts payable	\$ 1,032,157	\$ 59,694	\$ -	\$ -	\$ 576,021	\$ -	\$ 1,667,872
Accrued liabilities	298,620	18,677	8,266				325,563
Due to other governments	1,808		6				1,814
Due to other funds		1,031,229			391,382		1,422,611
Due to teachers' retirement system	3,426,307						3,426,307
Due to employees' retirement system	231,561						231,561
Other liabilities	8,293						8,293
Unearned credits							
Collections in advance	2,746		96,765				99,511
TOTAL LIABILITIES	<u>5,001,492</u>	<u>1,109,600</u>	<u>105,037</u>	<u>-</u>	<u>967,403</u>	<u>-</u>	<u>7,183,532</u>
FUND BALANCES							
Non-spendable: Inventory			30,647				30,647
Restricted:							
Retirement contribution							
Employees' retirement system	3,616,092						3,616,092
Teachers' retirement system	2,848,804						2,848,804
Capital	3,255,724						3,255,724
Repair	207,297						207,297
Tax certiorari	12,633,248						12,633,248
Employee benefit accrued liability	506,606						506,606
Unspent bond proceeds					11,231,261		11,231,261
Debt service						1,077,347	1,077,347
Assigned:							
Appropriated fund balance	3,691,053						3,691,053
Unappropriated fund balance	423,504		303,872	40,276	4,597,731		5,365,383
Unassigned							
Unassigned fund balance	3,514,640						3,514,640
TOTAL FUND BALANCES	<u>30,696,968</u>	<u>-</u>	<u>334,519</u>	<u>40,276</u>	<u>15,828,992</u>	<u>1,077,347</u>	<u>47,978,102</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,698,460</u>	<u>\$ 1,109,600</u>	<u>\$ 439,556</u>	<u>\$ 40,276</u>	<u>\$ 16,796,395</u>	<u>\$ 1,077,347</u>	<u>\$ 55,161,634</u>

**NANUET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances \$ 47,978,102

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	\$ 97,541,689	
Accumulated depreciation	<u>(35,143,867)</u>	62,397,822

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

Original present value cost of intangible leased assets	\$ 1,411,277	
Accumulated amortization	<u>(867,462)</u>	543,815

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to 19,775,311

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to other post-employment benefits obligations that will be recognized as expenditures in future periods amounted to 38,624,538

Deferred outflows of resources - Governmental funds 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. At year end the District had deferred amounts on bond refunding which amounted to 270,387

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 on bonds and energy performance contract debt.	(274,746)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable, net of unamortized premium	\$ (37,200,774)	
Lease liability	(552,784)	
Energy performance contract debt payable	(647,855)	
Compensated absences payable	(287,481)	
Net pension liability-proportionate share-employees' retirement system	(3,717,951)	
Net pension liability-proportionate share-teachers' retirement system	(3,190,699)	
Total other post-employment benefits obligation	<u>(139,216,203)</u>	(184,813,747)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods (1,851,470)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to other post-employment benefit obligations that will be recognized as a reduction in expense in future periods amounted to (31,662,807)

Total Net Position	<u>\$ (49,012,795)</u>
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NANUET UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 55,280,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,280,414
Other tax items - including STAR reimbursement	6,443,759						6,443,759
Charges for services	378,972			107,452			486,424
Use of money and property	1,422,627					273,002	1,695,629
Sale of property and compensation for loss	13,032						13,032
Miscellaneous	302,964		1,302				304,266
State sources	16,039,746	383,180	13,665				16,436,591
Federal sources	29,833	3,423,994	456,003				3,909,830
Surplus food			54,500				54,500
Sales			426,805				426,805
TOTAL REVENUES	79,911,347	3,807,174	952,275	107,452	-	273,002	85,051,250
EXPENDITURES							
General support	10,091,931						10,091,931
Instruction	38,638,341	1,978,497		115,221			40,732,059
Pupil transportation	3,227,583	69,258					3,296,841
Employee benefits	18,563,341						18,563,341
Debt service - principal	456,278					3,243,875	3,700,153
Debt service - interest	56,337					930,350	986,687
Cost of sales			923,238				923,238
Capital outlay					11,227,980		11,227,980
TOTAL EXPENDITURES	71,033,811	2,047,755	923,238	115,221	11,227,980	4,174,225	89,522,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,877,536	1,759,419	29,037	(7,769)	(11,227,980)	(3,901,223)	(4,470,980)
OTHER FINANCING SOURCES AND (USES)							
Proceeds from serial bonds					12,305,000		12,305,000
Premiums on obligations					1,066,899		1,066,899
Operating transfers in		52,494			2,811,913	4,174,224	7,038,631
Operating transfers (out)	(5,226,718)	(1,811,913)					(7,038,631)
TOTAL OTHER FINANCING SOURCES AND (USES)	(5,226,718)	(1,759,419)	-	-	16,183,812	4,174,224	13,371,899
NET CHANGE IN FUND BALANCES	3,650,818	-	29,037	(7,769)	4,955,832	273,001	8,900,919
FUND BALANCES - BEGINNING OF YEAR	27,046,150	-	305,482	48,045	10,873,160	804,346	39,077,183
FUND BALANCES - END OF YEAR	\$ 30,696,968	\$ -	\$ 334,519	\$ 40,276	\$ 15,828,992	\$ 1,077,347	\$ 47,978,102

**NANUET UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances \$ 8,900,919

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Increase in compensated absences payable (18,394)

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

Employees' retirement system	\$ (716,465)	
Teachers' retirement system	(907,175)	
Other post-employment benefits	<u>(11,410,519)</u>	(13,034,159)

Capital Related Differences

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

Capital outlays	\$ 11,715,789	
Depreciation expense	<u>(1,648,104)</u>	10,067,685

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

Amortization expense	\$ (453,792)	(453,792)
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Long-Term Debt Transaction Differences

Proceeds from serial bonds and bond premiums are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (12,305,000)

Premiums and discounts on debt issuances and deferred amounts from debt refundings are recognized when incurred on the governmental fund statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount issued and amortized in the current year was (865,874)

Repayment of a bond principal is an expenditure in the governmental funds, but reduces bonds payable on the Statement of Net Position and does not affect the Statement of Activities. 3,060,000

Repayment of energy performance contract debt payable is reported as an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 183,875

Repayment of lease obligations principal is reported as an expenditure in the governmental funds, but reduces long-term lease liability in the Statement of Net Position and does not affect the Statement of Activities. 456,278

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by: (35,315)

Change in Net Position \$ (4,043,777)

**NANUET UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Custodial Fund
ASSETS	
Cash and cash equivalents - restricted	\$ -
Due from governmental funds	-
TOTAL ASSETS	<u>\$ -</u>
LIABILITIES	
Other liabilities	\$ -
Due to governmental funds	-
TOTAL LIABILITIES	<u>\$ -</u>
NET POSITION	
Unrestricted	\$ -
Restricted	-
TOTAL NET POSITION	<u>\$ -</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ -</u>

**NANUET UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collections for Library	\$ 3,160,580
TOTAL ADDITIONS	<u>3,160,580</u>
DEDUCTIONS	
Real property taxes disbursed to the Library	<u>3,160,580</u>
TOTAL DEDUCTIONS	<u>3,160,580</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Nanuet 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 consisting of 7 members. The Board of Education serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for, and controls all activities related to public school education within the District. The Superintendent is the chief executive officer.

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

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

B) Joint Venture:

The District is a component district that participates in the Rockland County 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 is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract

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

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, program, and capital costs 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:

District-Wide Financial Statements:

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

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

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. 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.

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.

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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 to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for the proceeds of extraclassroom activity funds that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's extraclassroom activities funds are classified as assigned fund balance on the fund level financial statements.

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

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

The District reports the following fiduciary fund:

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

D) Measurement Focus and Basis of Accounting:

The District-Wide Financial Statements 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 property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, lease liability, energy performance contract payable, compensated

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

absences, pension costs, and other post-employment benefits, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board of Education, and become a lien on July 1st. Taxes are collected by the various towns and are remitted to the District September through October 31, after which collection responsibility is transferred to the County as discussed below.

Enforcement

Uncollected real property taxes are subsequently enforced by Rockland County ("the County") in which the District is located. The County pays an amount representing uncollected real property taxes to the District no later than the following April 1st.

F) Restricted Resources:

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

G) Interfund Transactions:

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

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

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.

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

H) Estimates:

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

I) Cash and Cash Equivalents:

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

J) Receivables:

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

K) Inventory:

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

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

L) Capital Assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds (the individual dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide statements are as follows:

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$5,000	straight line	20-50 years
Machinery and equipment	\$5,000	straight line	8-15 years

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

M) Intangible Lease Assets:

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

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

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. These amounts are related to deferred amounts on refunding, pensions, and the other post-employment benefits obligation reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12, 13 and 15.

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

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

O) Short-Term Debt:

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished using expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

P) Collections in Advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2023, consisted of monies collected in advance for services to be performed by the District at a future date in the general fund. Collections in advance in the school lunch fund consisted of prepaid student lunch balances for the following fiscal year and federal grants received in advance.

Q) Employee Benefits – Compensated Absences:

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

Vacation and sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated vacation or sick leave. Certain collectively bargained agreements may require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

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

**NANUET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R) 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 Section 403(b) and Section 457.

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

S) Long-Term Debt:

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

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

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

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

T) Equity Classifications:

District-Wide Financial Statements:

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

Net investment in capital assets – consists of net capital assets and intangible lease assets (cost less accumulated depreciation or accumulated amortization) plus unamortized deferred amounts on refunding, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, as well as the unamortized premiums on bonds.

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Financial Statements:

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

Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$30,647.

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

The District has established the following as restricted:

Retirement Contribution Reserve - Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Capital Reserve - Capital reserve (EL§3651), must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of the capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable

**NANUET UNION FREE SCHOOL DISTRICT
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term, and the sources of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form of 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.

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. This reserve is accounted for in the general fund.

Tax Certiorari Reserve - Tax Certiorari reserve (EL§3651) must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the general fund.

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

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

Restricted for Debt Service - Debt service accumulates funds from unused bond proceeds and interest earnings. The accumulated funds must be used to offset the cost of the bond principal and interest payments. This reserve is accounted for in the debt service fund.

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

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

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

Assigned fund balance – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s unassigned fund balance in the general fund at June 30, 2023 is within the legal limit.

Order of Use of Fund Balance

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balance in the following order: committed, assigned, and unassigned.

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

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

(B) Statement of Revenues, Expenditures and Changes in Fund Balances and the 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 the three broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

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

Capital related differences:

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

Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line-item level.

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

**NANUET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

**NANUET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Restricted Cash and Cash Equivalents:

Restricted cash and equivalents 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 and cash equivalents at June 30, 2023 included \$35,314,543 within the governmental funds for general reserves, capital projects and debt service.

Investments:

The District does not typically purchase investments for a 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.

Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$23,585,080 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2023, are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 24,888,400	\$ 24,888,400
Capital Projects Fund	14,890,473	14,890,473
	<u>\$ 39,778,873</u>	<u>\$ 39,778,873</u>

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

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

NOTE 5 – PARTICIPATION IN BOCES:

During the year, the District was billed \$8,164,342 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,906,549. Financial statements for the BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

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

General Fund	
Excess cost aid	\$ 223,638
Basic aid	2,211
Total - General Fund	<u>225,849</u>
Special Aid Fund	
State grants	\$ 139,795
Federal grants	964,650
Total - Special Aid Fund	<u>1,104,445</u>
School Lunch Fund	
Federal reimbursements	\$ 30,676
State reimbursements	2,941
Total - School Lunch Fund	<u>33,617</u>
Total - All Funds	<u>\$ 1,363,911</u>

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

BOCES aid	\$ 919,436
Health services and tuition billings	<u>83,319</u>
Total due from other governments	<u>\$ 1,002,755</u>

District management has deemed these amounts to be fully collectible.

**NANUET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets:

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

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	\$ 17,429,991	\$	\$	\$ 17,429,991
Construction in progress	5,956,450	11,227,980		17,184,430
Total capital assets not being depreciated	23,386,441	11,227,980	-	34,614,421
Capital assets being depreciated:				
Building & building Improvements	60,188,633	463,987		60,652,620
Furniture and equipment	2,250,826	23,822		2,274,648
Total capital assets being depreciated	62,439,459	487,809	-	62,927,268
Less accumulated depreciation:				
Building & improvements	31,837,254	1,461,266		33,298,520
Furniture and equipment	1,658,509	186,838		1,845,347
Total accumulated depreciation	33,495,763	1,648,104	-	35,143,867
Total capital assets being depreciated, net	28,943,696	(1,160,295)	-	27,783,401
Total capital assets, net	<u>\$ 52,330,137</u>	<u>\$ 10,067,685</u>	<u>\$ -</u>	<u>\$ 62,397,822</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 25,828
Instruction	1,612,204
Food service program	10,072
Total depreciation expense	<u>\$ 1,648,104</u>

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

B) Intangible Lease Assets:

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental activities:			
Intangible lease assets			
Furniture & equipment	\$ 1,411,277	\$ -	\$ 1,411,277
Total intangible lease assets being amortized	<u>1,411,277</u>	<u>-</u>	<u>1,411,277</u>
Less accumulated amortization:			
Furniture & equipment	413,670	453,792	867,462
Total accumulated amortization	<u>413,670</u>	<u>453,792</u>	<u>867,462</u>
Total intangible lease assets, net	<u>\$ 997,607</u>	<u>\$ (453,792)</u>	<u>\$ 543,815</u>

Amortization expense of \$453,792 was charged to the governmental functions as instruction.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

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

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 815,131			\$ 5,226,718
Special aid fund		1,031,229	\$ 52,494	1,811,913
Capital projects fund	545,644	391,382	2,811,913	
Debt service fund	61,836		4,174,224	
Totals	<u>\$ 1,422,611</u>	<u>\$ 1,422,611</u>	<u>\$ 7,038,631</u>	<u>\$ 7,038,631</u>

The District typically transfers from the general fund to the special aid fund to fund the District's local share of summer school handicap expenses and state supported Section 4201 schools, as required by New York State Law. 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 debt service fund for annual debt service payments. The District transferred from the special aid fund to the capital projects fund to fund the capital projects with the ESSER and CRRSA grants.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

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

NOTE 10 – SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	10/14/2022	2.45%	\$ -	\$ 4,100,000	\$ 4,100,000	\$ -
BAN	2/28/2023	3.39%	-	950,000	950,000	-
Total			<u>\$ -</u>	<u>\$ 5,050,000</u>	<u>\$ 5,050,000</u>	<u>\$ -</u>

On August 1, 2022, the District issued a tax anticipation note (TAN) for \$4,100,000, maturing on October 14, 2022 for interim financing of the general fund operations. The TAN has a stated interest rate of 2.45% per annum. Short-term interest on TAN for the fiscal year ended was \$18,137.

The bond anticipation note (BAN) was issued on September 22, 2022, for \$950,000, maturing on February 28, 2023 for interim financing of the capital projects fund. The BAN has a stated interest rate of 3.39% per annum. Short-term interest on BAN for the fiscal year ended was \$13,956.

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Bonds payable					
Construction bonds	\$ 18,875,000	\$ 12,305,000	\$ 2,165,000	\$ 29,015,000	\$ 1,895,000
Tax certiorari bonds	6,315,000		895,000	5,420,000	915,000
Total bonds payable	25,190,000	12,305,000	3,060,000	34,435,000	2,810,000
Unamortized bond premiums	1,935,952	1,066,899	237,077	2,765,774	272,641
Bonds payable, net of unamortized premium	27,125,952	13,371,899	3,297,077	37,200,774	3,082,641
Other liabilities					
Lease liability	1,009,062		456,278	552,784	293,999
Energy performance contract debt payable	831,730		183,875	647,855	190,946
Compensated absences payable	269,087	\$18,394		287,481	38,000
Net pension liability - proportionate share - ERS	-	3,717,951		3,717,951	
Net pension liability - proportionate share - TRS	-	3,190,699		3,190,699	
Total other post-employment benefits obligation	161,827,463	10,173,573	32,784,833	139,216,203	
Total long-term liabilities	\$ 191,063,294	\$ 30,472,516	\$ 36,722,063	\$ 184,813,747	\$ 3,605,586

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, energy performance contract debt payable, compensated absences payable, net pension liabilities and total other post-employment benefits obligation.

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NOTES TO FINANCIAL STATEMENTS
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On February 27, 2023, the District issued serial bonds of \$12,305,000 with a premium of \$1,066,899 at a coupon rate between 3.125% - 5.00%. The bonds will mature on February 15, 2038. Bond premium will be amortized over the life of the bond.

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Original Issue Amount	Final Maturity	Interest Rates	Outstanding at Year End
Tax Certiorari	2012	\$8,970,000	September, 2027	2.00-2.50%	\$ 3,375,000
Refunding Bond Issue	2014	\$25,880,000	September, 2030	3.00-5.00%	7,895,000
Tax Certiorari	2014	\$3,940,000	October, 2029	2.00-3.00%	2,045,000
Construction Serial Bonds	2022	\$10,180,000	April, 2037	1.88-5.00%	8,815,000
Construction Serial Bonds	2023	\$12,305,000	February, 2038	3.125-5.00%	12,305,000
					<u>\$ 34,435,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 2,810,000	\$ 1,291,430	\$ 4,101,430
2025	2,920,000	1,193,631	4,113,631
2026	3,030,000	1,072,903	4,102,903
2027	3,160,000	945,913	4,105,913
2028	3,285,000	819,597	4,104,597
2029-2034	11,200,000	2,489,225	13,689,225
2034-2038	8,030,000	761,100	8,791,100
	<u>\$ 34,435,000</u>	<u>\$ 8,573,799</u>	<u>\$ 43,008,799</u>

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

B) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$2,765,774 at June 30, 2023. This represents premiums received on the 2023 bond issuance, 2022 bond issuance, and 2014 bond refunding. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. Total amortization expense on bond premium was \$237,077 as of June 30, 2023.

**NANUET UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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As of June 30, 2023, the premiums recorded in the District-Wide Financial Statements consisted of:

	<u>2014 Refunding</u>	<u>2022 Issuance</u>	<u>2023 Issuance</u>	<u>Total</u>
Premium on bonds	\$ 2,841,160	\$ 515,802	\$ 1,066,899	\$4,423,861
Accumulated amortization	<u>(1,587,707)</u>	<u>(34,817)</u>	<u>(35,563)</u>	<u>(1,658,087)</u>
Premium on bonds, net of accumulated amortization	<u>\$ 1,253,453</u>	<u>\$ 480,985</u>	<u>\$ 1,031,336</u>	<u>\$2,765,774</u>

C) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 0.65% to 3.98%.

Principal and interest expense paid on the District's lease liability amounted to \$456,278 and \$22,245, respectively, for the fiscal year ended June 30, 2023.

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

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2024	\$ 293,999	\$ 13,880	\$ 307,879
2025	258,785	4,932	263,717
	<u>\$ 552,784</u>	<u>\$ 18,812</u>	<u>\$ 571,596</u>

D) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Energy performance contract debt payable	12/30/2010	8/1/2026	3.791%	<u>\$ 647,855</u>

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

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 190,946	\$ 21,850	\$ 212,796
2025	198,289	14,527	212,816
2026	205,915	6,901	212,816
2027	52,705	500	53,205
	\$ 647,855	\$ 43,778	\$ 691,633

E) Long-Term Interest:

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

	Total
Interest paid	\$ 954,594
Less interest accrued in the prior year	(239,431)
Plus interest accrued in the current year	274,746
Less amortization on premiums on bonds	(237,077)
Plus amortization of deferred charges on refundings	36,052
Total interest expense on long-term debt	\$ 788,884

NOTE 12 – DEFERRED OUTFLOWS OF RESOURCES – DEFERRED AMOUNTS ON REFUNDING:

The deferred amounts pertaining to the 2014 bond refunding as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2023 consisted of the following:

Deferred amounts	\$ 612,880
Accumulated amortization	(342,493)
Net deferred amounts on refunding	\$ 270,387

These deferred amounts on refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 7 years, the time to maturity of the refunding bonds, at the point of refunding, and is recorded as an increase to interest expense on the District-Wide Statement of Activities. Amortization for the fiscal year ended June 30, 2023 was \$36,052.

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

NOTE 13 – PENSION PLANS:

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

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 (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

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

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023, ranged from 8.30% to 16.00% of covered payroll.

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

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

	NYSERS	NYSTRS
2023	\$ 748,159	\$ 3,162,706
2022	\$ 882,080	\$ 2,886,751
2021	\$ 927,090	\$ 2,654,315

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

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 3,717,951	\$ 3,190,699
District's portion of the Plan's total net pension liability	0.0173379%	0.166278%
Change in proportion since the prior measurement date	0.0009722%	0.002183%

For the year ended June 30, 2023, the District recognized pension expense of \$1,464,624 for ERS, and pension expense of \$4,068,481 for TRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 395,991	\$ 3,343,449	\$ 104,414	\$ 63,936
Net difference between projected and actual earnings on pension plan investments		4,122,686	21,843	
Changes of assumptions	1,805,677	6,189,417	19,956	1,285,304
Changes in proportion and differences between the District's contributions and proportionate share of contributions	411,388	112,436	43,887	312,130
District's contributions subsequent to the measurement date	231,561	3,162,706		
	<u>\$ 2,844,617</u>	<u>\$ 16,930,694</u>	<u>\$ 190,100</u>	<u>\$ 1,661,370</u>

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District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Fiscal Year Ended:		
2023	\$ -	\$ 2,372,101
2024	621,540	1,200,532
2025	(89,222)	(562,794)
2026	840,232	8,048,963
2027	1,050,406	1,011,461
Thereafter	-	36,355
	<u>\$ 2,422,956</u>	<u>\$ 12,106,618</u>

Actuarial Assumptions

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

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

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

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

**NANUET UNION FREE SCHOOL DISTRICT
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assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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

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

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

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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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (8,984,694)</u>	<u>\$ (3,717,951)</u>	<u>\$ 683,025</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (29,419,745)</u>	<u>\$ (3,190,699)</u>	<u>\$ 18,867,755</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:

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	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension asset/(liability)	\$ (232,627,259)	\$ (133,883,474)
Plan Fiduciary Net Position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$231,561.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$3,426,307.

NOTE 14 – PENSION PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$78,061 and \$1,954,137 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$64,760.

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

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

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

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 50% and 100% of premiums for retirees, and 0% to 65% of the premiums for spouses and dependents, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$4,026,545 to the Plan, including \$4,026,545 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	243
Active employees	382
	<u>625</u>

B) Total OPEB Liability:

The District's total OPEB liability of \$139,216,203 was measured as of June 30, 2023, and was determined by an actuarial valuation as July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Salary increases	4.00%
Discount rate	3.65%
2022 Trend(s):	
Pre 65 (Single / Family)	9.38%/11.77%
Post 65 (Single / Family)	21.44% / 11.94%
2023 Trend (Pre 65 / Post 65)	7.50% / 4.54%
Ultimate Trend	4.54%

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index on the 20-year AA municipal bond rate as of June 30, 2023.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 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.

C) Changes in Total OPEB Liability:

Balance at June 30, 2022	<u>\$ 161,827,463</u>
Changes for the fiscal year:	
Service cost	5,200,224
Interest	4,973,349
Differences between expected and actual experience	(4,124,750)
Changes in assumptions or other inputs	(24,633,538)
Benefit payments	(4,026,545)
Net changes	<u>(22,611,260)</u>
Balance at June 30, 2023	<u><u>\$ 139,216,203</u></u>

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

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

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 160,020,194</u>	<u>\$ 139,216,203</u>	<u>\$ 122,167,812</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>\$ 118,494,958</u>	<u>\$ 139,216,203</u>	<u>\$ 165,546,026</u>

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$15,529,964. At June 30, 2023, the District reported deferred outflows of resources and deferred 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	\$ 18,514,235	\$ 10,635,936
Changes of assumptions or other inputs	<u>20,110,303</u>	<u>21,026,871</u>
	<u>\$ 38,624,538</u>	<u>\$ 31,662,807</u>

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

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

Fiscal Year ended June 30:		
2024	\$	5,263,491
2025		3,617,542
2026		3,732,211
2027		2,053,855
2028		(4,210,584)
Thereafter		(3,494,784)
	\$	<u>6,961,731</u>

NOTE 16 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$3,691,053 has been appropriated at year end to reduce taxes for the fiscal year ending June 30, 2024.

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE:

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

	<u>Capital Reserve</u>
Date Created	2022
Number of Years to Fund*	10
Maxium Funding	\$ 5,000,000

General Fund	<u>Total</u>
Funding Provided	\$ 3,193,513
Interest Earnings	62,211
Use of Reserve	-
Total General Fund	<u>\$ 3,255,724</u>

The District established the capital reserve in 2022, with a 10-year term, and \$5,000,000 of funding.

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

NOTE 18 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, cyber-crimes, 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) Public Entity Risk Pool:

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

The District and neighboring districts in Rockland County, New York, participate in the Rockland County Schools Cooperative Self-Insurance Plan for Workers' Compensation. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District has transferred all related risk to the Plan.

NOTE 19 - TAX ABATEMENTS:

The County of Rockland, under the authority of General Municipal Law Section 925-1, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the county. The District's property tax revenue was reduced by \$3,786,411 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$3,786,411 for these programs during the fiscal year.

NOTE 20 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

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

General fund	
General support	\$ 379,224
Instruction	44,280
	<u>\$ 423,504</u>
Capital projects fund	
Capital projects	<u>\$ 10,200,605</u>

B) Grants:

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

C) Litigation:

The District is involved in various litigation proceedings resulting from the normal conduct of its affairs. There are also pending tax certiorari proceedings, which may result in the District having to pay future tax refunds. The District has a reserve established to pay future payments for this.

NOTE 21 – SUBSEQUENT EVENTS:

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.

SUPPLEMENTARY INFORMATION

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$ 55,043,594	\$ 55,043,594	\$ 55,280,414	\$ 236,820
Other tax items	6,619,665	6,619,665	6,443,759	(175,906)
Charges for services	517,700	517,700	378,972	(138,728)
Use of money and property	50,446	50,446	1,422,627	1,372,181
Sale of property and compensation for loss	2,600	2,600	13,032	10,432
Miscellaneous	85,000	95,115	302,964	207,849
State sources				
Basic formula	10,026,427	10,026,427	9,097,211	(929,216)
Excess cost aid	1,802,620	1,802,620	1,644,375	(158,245)
Lottery aid	2,213,720	2,213,720	3,163,808	950,088
BOCES aid	1,794,751	1,794,751	1,906,549	111,798
Textbook aid	184,899	184,899	133,154	(51,745)
Computer software aid	29,840	29,840	64,496	34,656
Library A/V loan program aid	-	-	12,536	12,536
Other state aid	-	-	17,617	17,617
Federal sources	12,000	12,000	29,833	17,833
TOTAL REVENUES	<u>78,383,262</u>	<u>78,393,377</u>	<u>\$ 79,911,347</u>	<u>\$ 1,517,970</u>
Appropriated fund balance	4,088,691	4,088,691		
Appropriated reserves	586,441	690,013		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	<u>\$ 83,058,394</u>	<u>\$ 83,172,081</u>		

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.

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 275,746	\$ 275,146	\$ 188,712	\$ 16,750	\$ 69,684
Central administration	358,641	361,641	356,057		5,584
Finance	858,631	859,231	772,085	41,120	46,026
Staff	811,158	811,158	750,565		60,593
Central services	7,086,535	7,853,732	7,138,496	321,354	393,882
Special items	938,486	1,009,143	886,016		123,127
Total General Support	10,329,197	11,170,051	10,091,931	379,224	698,896
Instruction					
Instruction, adm. & imp.	2,835,477	2,831,238	2,367,075		464,163
Teaching - regular school	22,226,424	22,145,115	20,719,444	8,180	1,417,491
Programs for children with disabilities	10,131,477	9,419,598	8,256,371	34,300	1,128,927
Programs for english language learners	1,186,113	1,239,829	1,177,326		62,503
Occupational education	441,285	567,341	563,819		3,522
Teaching special schools	154,056	154,056	5,690		148,366
Instructional media	2,924,838	2,080,140	1,946,997	1,800	131,343
Pupil services	3,890,478	3,974,225	3,601,619		372,606
Total Instruction	43,790,148	42,411,542	38,638,341	44,280	3,728,921
Pupil transportation	3,260,065	3,380,587	3,227,583		153,004
Employee benefits	19,871,055	19,913,076	18,563,341		1,349,735
Debt service					
Debt service principal	-	463,323	456,278		7,045
Debt service interest	19,637	55,025	56,337		(1,312)
Total Debt Service	19,637	518,348	512,615	-	5,733
TOTAL EXPENDITURES	77,270,102	77,393,604	71,033,811	423,504	5,936,289
Other financing uses					
Transfers to other funds	5,788,292	5,778,477	5,226,718	-	551,759
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 83,058,394	\$ 83,172,081	76,260,529	\$ 423,504	\$ 6,488,048
Net change in fund balance			3,650,818		
Fund balance - beginning of year			27,046,150		
Fund balance - end of year			<u>\$ 30,696,968</u>		

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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 5,200,224	\$ 7,361,978	\$ 7,206,321	\$ 3,563,610	\$ 3,443,101	\$ 3,884,470
Interest	4,973,349	3,307,372	3,167,124	3,062,652	2,929,456	2,716,796
Changes of benefit terms						
Differences between expected and actual experience	(4,124,750)		24,115,364		(23,739,178)	
Changes of assumptions or other inputs	(24,633,538)		31,605,179		8,444,855	334
Benefit payments	(4,026,545)	(3,921,930)	(3,839,007)	(2,611,091)	(2,522,793)	(3,346,629)
Net change in total OPEB liability	(22,611,260)	6,747,420	62,254,981	4,015,171	(11,444,559)	3,254,971
Total OPEB liability - beginning	161,827,463	155,080,043	92,825,062	88,809,891	100,254,450	96,999,479
Total OPEB liability - ending	<u>\$ 139,216,203</u>	<u>\$ 161,827,463</u>	<u>\$ 155,080,043</u>	<u>\$ 92,825,062</u>	<u>\$ 88,809,891</u>	<u>\$ 100,254,450</u>
Covered-employee payroll	\$ 33,569,881	\$ 34,427,711	\$ 34,406,025	\$ 34,406,026	\$ 33,260,727	\$ 38,437,836
Total OPEB liability as a percentage of covered-employee payroll	414.71%	470.05%	450.74%	269.79%	267.01%	260.82%

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 Assumptions and Other Inputs

The discount rate was 2.85% as of June 30, 2018.
The discount rate was 3.50% as of June 30, 2019.
The discount rate was 3.50% as of June 30, 2020.
The discount rate was 2.16% as of June 30, 2021.
The discount rate was 2.16% as of June 30, 2022.
The discount rate was 3.65% as of June 30, 2023.

In 2023, mortality assumptions changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

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

	NYSERS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.0173379%	0.0163657%	0.0162851%	0.0171010%	0.0176728%	0.0179200%	0.0175108%	0.0188239%	0.0170749%
District's proportionate share of the net pension asset/(liability)	\$ (3,717,951)	\$ 1,337,825	\$ (16,216)	\$ (4,528,445)	\$ (1,252,174)	\$ (578,360)	\$ (1,645,355)	\$ (3,021,292)	\$ (576,832)
District's covered payroll	\$ 6,608,820	\$ 6,397,772	\$ 5,976,838	\$ 6,207,727	\$ 5,847,656	\$ 5,839,507	\$ 5,740,199	\$ 5,311,086	\$ 5,529,632
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	56.26%	20.91%	0.27%	72.95%	21.41%	9.90%	28.66%	56.89%	10.43%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

	NYTRS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.1662780%	0.164095%	0.162935%	0.157901%	0.159912%	0.160191%	0.162837%	0.166180%	0.167480%
District's proportionate share of the net pension asset/(liability)	\$ (3,190,699)	\$ 28,436,117	\$ (4,502,326)	\$ 4,102,288	\$ 2,891,630	\$ 1,217,610	\$ (1,744,052)	\$ 17,260,857	\$ 18,656,175
District's covered payroll	\$ 29,677,015	\$ 27,995,546	\$ 27,973,974	\$ 26,946,554	\$ 26,473,260	\$ 25,784,535	\$ 25,520,454	\$ 25,036,785	\$ 25,138,860
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.75%	101.57%	16.09%	15.22%	10.92%	4.72%	6.83%	68.94%	74.21%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

Teachers' Retirement System

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

Employees' Retirement System

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

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

	NYSERS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 748,159	\$ 882,080	\$ 927,090	\$ 825,626	\$ 868,216	\$ 840,611	\$ 817,222	\$ 909,513	\$ 993,807
Contributions in relation to the contractually required contribution	<u>748,159</u>	<u>882,080</u>	<u>927,090</u>	<u>825,626</u>	<u>868,216</u>	<u>840,611</u>	<u>817,222</u>	<u>909,513</u>	<u>993,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,683,562	\$ 6,518,179	\$ 6,062,329	\$ 6,193,555	\$ 5,960,427	\$ 5,839,716	\$ 5,767,762	\$ 5,491,604	\$ 5,589,853
Contributions as a percentage of covered payroll	11.19%	13.53%	15.29%	13.33%	14.57%	14.39%	14.17%	16.56%	17.78%

	NYTRS Pension Plan								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,162,706	\$ 2,886,751	\$ 2,654,315	\$ 2,450,459	\$ 2,799,131	\$ 2,552,768	\$ 2,916,899	\$ 3,384,012	\$ 4,426,477
Contributions in relation to the contractually required contribution	<u>3,162,706</u>	<u>2,886,751</u>	<u>2,654,315</u>	<u>2,450,459</u>	<u>2,799,131</u>	<u>2,552,768</u>	<u>2,916,899</u>	<u>3,384,012</u>	<u>4,426,477</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 30,735,731	\$ 29,677,015	\$ 27,995,546	\$ 27,973,974	\$ 26,946,554	\$ 26,473,260	\$ 25,784,535	\$ 25,520,454	\$ 25,036,785
Contributions as a percentage of covered payroll	10.29%	9.73%	9.48%	8.76%	10.39%	9.64%	11.31%	13.26%	17.68%

**NANUET UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET-GENERAL FUND
AND SECTION 1318 OF THE REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 82,471,953
Add: Prior year's encumbrances		<u>586,441</u>
Original Budget		83,058,394
Budget revisions:		
Employee benefits - appropriated reserve	\$ 42,021	
Tax certiorari - appropriated reserve	61,551	
Donations	<u>10,115</u>	
		<u>113,687</u>
Final Budget		<u>\$ 83,172,081</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter-approved expenditure budget		<u>\$ 87,866,034</u>
Maximum allowed (4% of 2023-24 budget)		<u>\$ 3,514,641</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance:	\$ 4,114,557	
Unassigned fund balance	<u>3,514,640</u>	
Total unrestricted fund balance		7,629,197
Less:		
Appropriated fund balance	\$ 3,691,053	
Encumbrances included in assigned fund balance	<u>423,504</u>	
Total adjustments		<u>4,114,557</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 3,514,640</u>
Actual percentage		<u>4.00%</u>

**NANUET UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Project Title	SED Project #	Original Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023
			Prior Year's	Current Year	Total		Budgetary Transfers	Bonds	Total	
2015-16 - Miller Alarm System	N/A	\$ 146,721	\$ 19,314	\$ -	\$ 19,314	\$ 127,407	\$ 146,722	\$ -	\$ 146,722	\$ 127,408
2015-16 - District Wide Restrooms	N/A	145,312	64,894	-	64,894	80,418	145,312		145,312	80,418
2019-20 District Wide Elevator Repairs	N/A	198,000	96,124	101,054	197,178	822	198,000		198,000	822
2020-21 District Wide SiteWork	N/A	479,800	329,981	29,500	359,481	120,319	479,800		479,800	120,319
2020-21 District Wide Renovations & Abatement	N/A	512,200	32,457	-	32,457	479,743	512,200		512,200	479,743
Miller Tiling and Flooring	001-024	1,000,000	-	884,118	884,118	115,882	1,000,000		1,000,000	115,882
2021-22 Miller HVAC-Air Conditioning	001-025	1,612,628	-	-	-	1,612,628	1,612,628		1,612,628	1,612,628
Miller Bond Phase 2	001-023	2,092,527	103,473	555,452	658,925	1,433,602	184,415	1,908,112	2,092,527	1,433,602
Highview Bond Phase 2	002-019	135,276	3,888	112,792	116,680	18,596		135,276	135,276	18,596
High School Field/Commons/Classrooms	003-031	10,632,531	2,093,688.0	6,088,619	8,182,307	2,450,224	1,812,786	8,819,745	10,632,531	2,450,224
High School Elevators	003-032	998,399	43,426.0	828,381	871,807	126,592		998,399	998,399	126,592
High School Bond Phase 2	003-034	4,856,185	266,824.0	1,082,398	1,349,222	3,506,963	63,310	4,792,875	4,856,185	3,506,963
Barr Bond Phase 2	004-019	3,263,750	111,833.0	625,679	737,512	2,526,238		3,263,750	3,263,750	2,526,238
High School Bond Phase 3	003-035	2,350,554	-	525,937	525,937	1,824,617		2,350,554	2,350,554	1,824,617
Barr Bond Phase 3	004-020	1,723,990	-	349,930	349,930	1,374,060		1,723,990	1,723,990	1,374,060
Electrical Shed	020-001	75,000	-	44,120	44,120	30,880		75,000	75,000	30,880
Total		\$ 30,222,873	\$ 3,165,902	\$ 11,227,980	\$ 14,393,882	\$ 15,828,991	\$ 6,155,173	\$ 24,067,701	\$ 30,222,874	\$ 15,828,992

**NANUET UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENTS IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net			\$ 62,397,822
Intangible lease assets, net			543,815
Add:			
Unamortized deferred amounts on refundings			<u>270,387</u>
Deduct:			
Short-term portion of bonds payable (including unamortized premiums)	\$ 3,082,641		
Long-term portion of bonds payable (including unamortized premiums)	34,118,133		
Less: Unspent bond proceeds	(11,231,261)		
Less: Tax certiotari bonds payable	(5,420,000)		
Short-term portion lease liability	293,999		
Long-term portion of lease liability	258,785		
Short-term portion energy performance contract debt payable	190,946		
Long-term portion of energy performance contract debt payable	<u>456,909</u>	<u>21,750,152</u>	
Net investment in capital assets			<u><u>\$ 41,461,872</u></u>



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

To the Board of Education
Nanuet 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 Nanuet Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 3, 2023