

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

HEMPSTEAD UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Hempstead Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hempstead Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 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 (GAAS) 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 Auditors' 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 and the additional information on pages 60 through 64 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary 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 12, 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 District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 12, 2023

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

The following is a discussion and analysis of the Hempstead 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 based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- On the District-wide financial statements, the District’s total net deficit decreased by \$22,732,352, or 8.32% to a net deficit of \$(250,356,594). This was due to an excess of revenues over expenditures based on the accrual basis of accounting.
- On the District-wide financial statements, revenues increased by \$35,026,527, or 12.66%. The increase was attributed to increases in capital grants, State sources, and use of money and property.
- On the District-wide financial statements, expenses increased by \$36,344,061, or 14.39%, primarily due to increases in instruction, pupil transportation, and debt service-interest offset by decreases in general support and food service program expenses.
- On the governmental funds financial statements, the general fund total fund balance increased by \$16,596,279. Unassigned fund balance as of June 30, 2023 was \$11,975,995. The amount is within the 4% limit allowed by Section 1318 Real Property Tax Law.
- On May 16, 2023 the proposed 2023-2024 budget in the amount of \$299,399,867 was authorized by the District’s residents. The budget passed by 69.61% of those who voted.
- On July 26, 2022, entered into energy performance contract for \$10,751,012 with an interest rate of 3.06%, maturity on July 26, 2037.
- At June 30, 2023, the District has not commenced work on both bond issuances approved on May 17, 2022 for replacement of roofs & windows and health & safety improvements throughout the District and addition, alterations and improvements to the ABGS Middle School.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-wide statements.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Table A-1 shows how the various parts of this annual report are arranged and relate to one another.

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

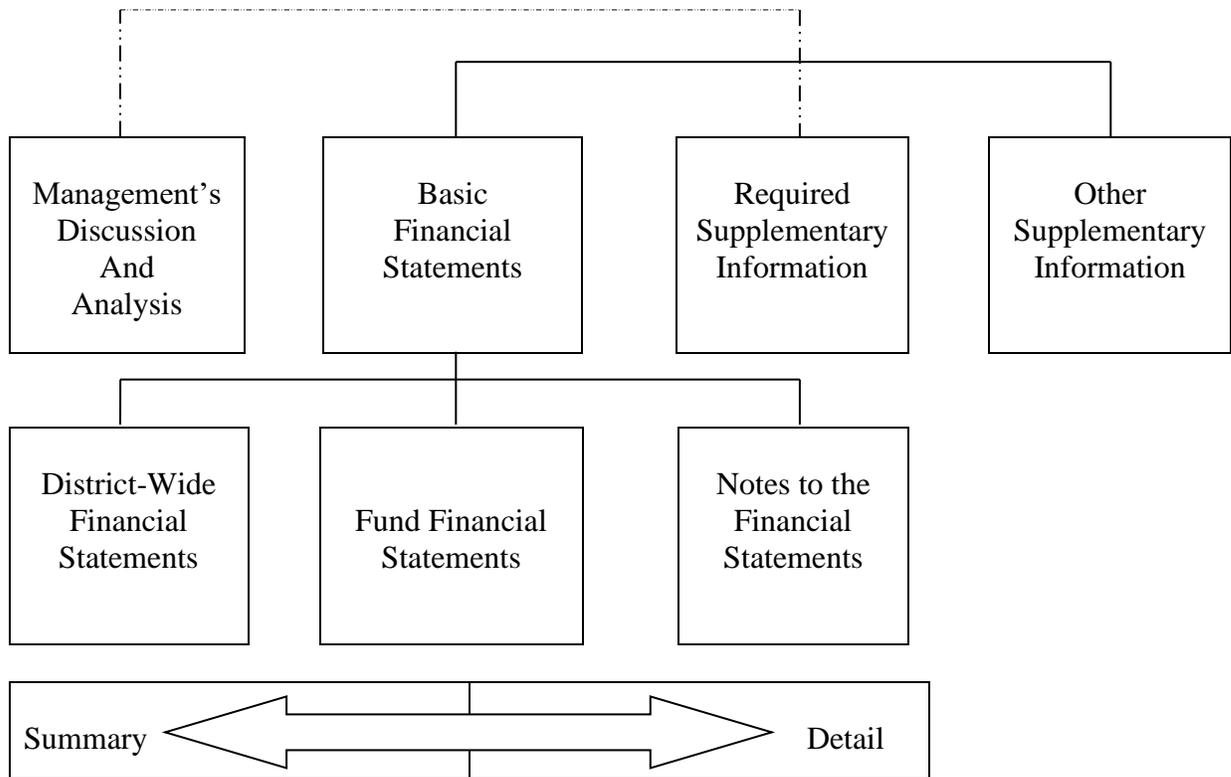


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	District-wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the District administers resources on behalf of others
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 Balance 	<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 outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

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 the District's 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.

In the District-wide financial statements, the District's activities are shown as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

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

District-wide 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;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets;*

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation.
- *Unrestricted net position (deficit)* includes net amounts that do not meet any of the above restrictions.

B. Fund Financial Statements

The Fund financial statements provide more detailed information about the District’s funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York. The District has one kind of fund to report:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information in separate schedules explains the relationship (or differences) between them. In summary, the governmental fund 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 food service fund, special revenue fund, capital projects fund and the debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District’s total net deficit decreased by \$22,732,352 between fiscal year 2023 and 2022, as detailed in Table A-3.

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

Table A-3: Condensed Statements of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase / (Decrease)	Percentage Change
Current and other assets	\$ 105,051,826	52,897,879	52,153,947	98.59%
Capital assets, net of accumulated depreciation	99,655,930	86,610,100	13,045,830	15.06%
Right to use assets - lease assets, net of accumulated amortization	63,860	447,022	(383,162)	(85.71%)
Net pension assets - proportionate share NYSERS and NYSTRS	-	64,955,835	(64,955,835)	(100.00%)
Total Assets	<u>204,771,616</u>	<u>204,910,836</u>	(139,220)	(0.07%)
Deferred outflows of resources	<u>95,701,523</u>	<u>87,177,682</u>	<u>8,523,841</u>	9.78%
Total Assets and Deferred Outflows of Resources	<u>\$ 300,473,139</u>	<u>292,088,518</u>	<u>8,384,621</u>	2.87%
Current liabilities	\$ 102,442,186	65,482,462	36,959,724	56.44%
Long-term liabilities	32,709,357	24,749,842	7,959,515	32.16%
Net pension liabilities - proportionate share	15,056,531	-	15,056,531	N/A
Total other post-employment benefits obligation	<u>282,787,841</u>	<u>250,757,800</u>	<u>32,030,041</u>	12.77%
Total Liabilities	432,995,915	340,990,104	92,005,811	26.98%
Deferred inflows of resources	<u>117,833,818</u>	<u>224,187,360</u>	<u>(106,353,542)</u>	(47.44%)
Total Liabilities and Deferred Inflows of Resources	<u>550,829,733</u>	<u>565,177,464</u>	<u>(14,347,731)</u>	(2.54%)
Net investment in capital assets	46,180,921	32,972,998	13,207,923	40.06%
Restricted	26,390,741	13,543,659	12,847,082	94.86%
Unrestricted (deficit)	<u>(322,928,256)</u>	<u>(319,605,603)</u>	<u>(3,322,653)</u>	1.04%
Total Net Position (deficit)	<u>(250,356,594)</u>	<u>(273,088,946)</u>	<u>22,732,352</u>	(8.32%)
Total Liabilities, Deferred Inflows of Resources and Net Position (deficit)	<u>\$ 300,473,139</u>	<u>292,088,518</u>	<u>8,384,621</u>	2.87%

Current and other assets increased by \$52,153,947 as compared to the prior year. This was primarily due to increases in unrestricted restricted cash, and State and federal aid receivable offset by a decrease in taxes receivable.

Capital assets, net increased by \$13,045,830, as compared to the prior year. This increase is the result of current year asset acquisitions in excess of depreciation expense (see Note 10).

Right to use assets - lease assets, net decreased by \$383,162, as compared to prior year. This is the result of current amortization (see Note 11).

Net pension assets - proportionate share for New York State Employees' Retirement System ("NYSERS") and New York State Teachers' Retirement System ("NYSTRS") resulted in a net pension liabilities in the current year as a result of the actuarial valuation provided by the State.

Deferred outflows of resources increased by \$8,523,841. Deferred outflows of resources represents contributions to the pension subsequent to the measurement dates and actuarial adjustments of the pension and total other post-employment benefit ("OPEB") plans that will be amortized in future years. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" and Note 16 "Other Post-employment Benefits Other than Pensions" for additional information.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Current liabilities increased by \$36,959,724, as compared to the prior year. This increase was primarily due to increases in accounts payable, accrued interest payable, bond anticipation note payable, and due to teachers’ retirement system, offset by decreases in accrued liabilities, due to other governments, and unearned credits – collections in advance.

Long-term liabilities increased by \$7,959,515, as compared to the prior year. This increase was primarily due to a new energy performance contract debt and increases in in long-term compensated absences and workers compensation claim payable offset by decreases in bonds payable, leases payable, and termination benefits payable.

Net pension liabilities - proportionate share increased by \$15,056,531. This increase is due to fluctuations in the actuarially determined net pension liability of the NYSERS and NYSTRS. This was the result of several factors including differences between expected and actual experience, changes in the assumptions related to the pension plans, net difference between projected and actual earnings on pension plan investments and, any change in the District’s proportionate share to the plans as a whole. See accompanying Notes to Financial Statements, Note 15 “Pension Plans” for additional information.

The District’s OPEB obligation increased over the prior year by \$32,030,041. This was the result from several factors including service cost, interest, and changes in assumptions or other inputs offset by the differences between expected and actual experience and the District’s benefit payments. See accompanying Notes to Financial Statements, Note 16 “Other Post-employment Benefits Other than Pensions” for additional information.

Deferred inflows of resources decreased by \$106,353,542 due to decreases related to actuarial adjustments at the pension plan level and in total other post-employment benefits liability, that will be amortized in future years. See accompanying Notes to Financial Statements, Note 15 “Pension Plans” and Note 16 “Other Post-employment Benefits (OPEB) Other than Pensions” for additional information.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & building improvements, furniture & equipment and site improvements, net of depreciation and related debt. As well, right to use assets, net of amortization and related debt. This number increased from the prior year by \$13,207,923 due to capital asset additions and principal payments on related debt in excess of depreciation and amortization.

The restricted amount of \$26,390,741 relates to the District’s restricted reserves. This balance increased over the prior year by \$12,847,082. During the current year, the Board of Education approved transfers to the workers’ compensation reserve of \$4,500,000, retirement contributions reserve – NYSERS of \$3,000,000, the retirement contribution reserve – NYSTRS of \$1,360,000, the Employee Benefit Accrued Liability reserve of \$3,618,136 and the insurance reserve of \$110,000. See section 4 of this management’s discussion and analysis, financial analysis of the District’s funds for further details.

The unrestricted net position (deficit) in the amount of \$(322,928,256) relates to the balance of the District’s net position (deficit). The unrestricted net position (deficit) increased from the prior year by \$3,322,653. Net position (deficit) overall decreased by \$22,732,352.

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

B. Changes in Net Position

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

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

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 1,653,988	1,827,480	(173,492)	(9.49%)
Operating grants and contributions	31,292,734	31,490,531	(197,797)	(0.63%)
Capital grants and contributions	2,837,994	-	2,837,994	100.00%
General Revenues				
Property taxes and other tax items	81,467,217	81,294,459	172,758	0.21%
State sources	187,964,585	158,597,080	29,367,505	18.52%
Use of money and property	1,124,232	71,283	1,052,949	1477.14%
Other	5,330,169	3,363,559	1,966,610	58.47%
Total Revenues	<u>311,670,919</u>	<u>276,644,392</u>	<u>35,026,527</u>	12.66%
Expenses				
General support	30,316,594	31,270,934	(954,340)	(3.05%)
Instruction	240,864,025	206,691,231	34,172,794	16.53%
Pupil transportation	9,902,354	9,109,340	793,014	8.71%
Community services	12,067	7,686	4,381	57.00%
Food service program	3,922,042	4,354,535	(432,493)	(9.93%)
Debt service - interest	3,921,485	1,160,780	2,760,705	237.83%
Total Expenses	<u>288,938,567</u>	<u>252,594,506</u>	<u>36,344,061</u>	14.39%
Total Change in Net Position	<u>\$ 22,732,352</u>	<u>24,049,886</u>	<u>(1,317,534)</u>	(5.48%)

The District's total fiscal year 2023 revenues were \$311,670,919 (See Table A-4). Property taxes and other tax items, and State sources accounted for 26.14% and 60.31% of the total revenues, respectively (See Table A-5). The remainder came from fees charged for services, operating grants and contributions, capital grants and contributions, use of money and property and other miscellaneous sources.

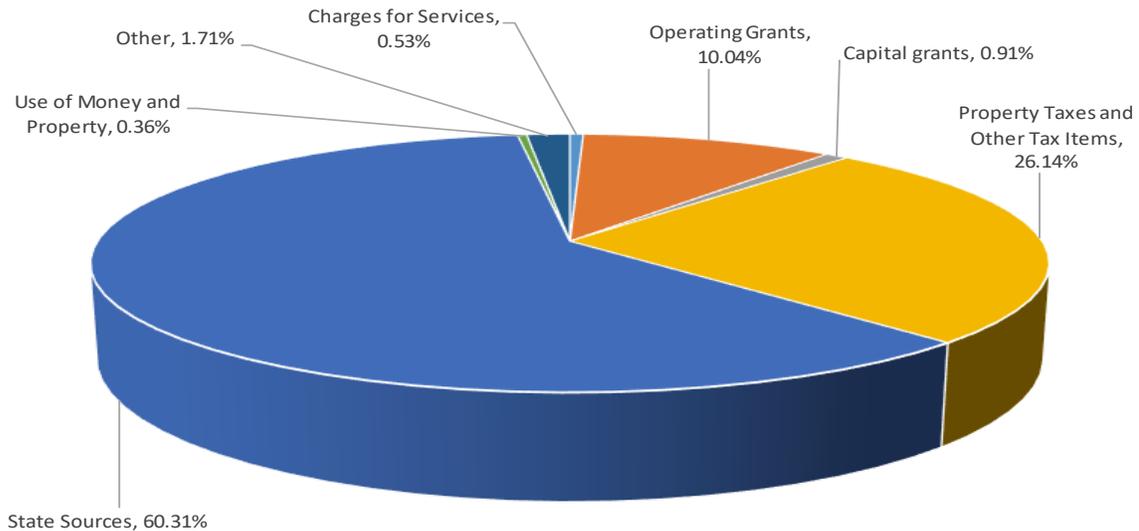
The District's revenues increased by \$35,026,527, or 12.66%, which is primarily attributable to increases in capital grants, State sources, use of money and property and other miscellaneous revenues. State sources increased by \$29,367,505 primarily as a result of increases in general aid, lottery aid, BOCES aid and other State aid offset by a decrease in excess cost aid.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The total cost of all programs and services totals \$288,938,567 for fiscal year 2023. These expenses are predominantly related to instruction expenses and caring for (pupil services) and transporting students, which account for 83.36% of District expenses (See Table A-6). The District’s general support activities accounted for 10.49% of total costs.

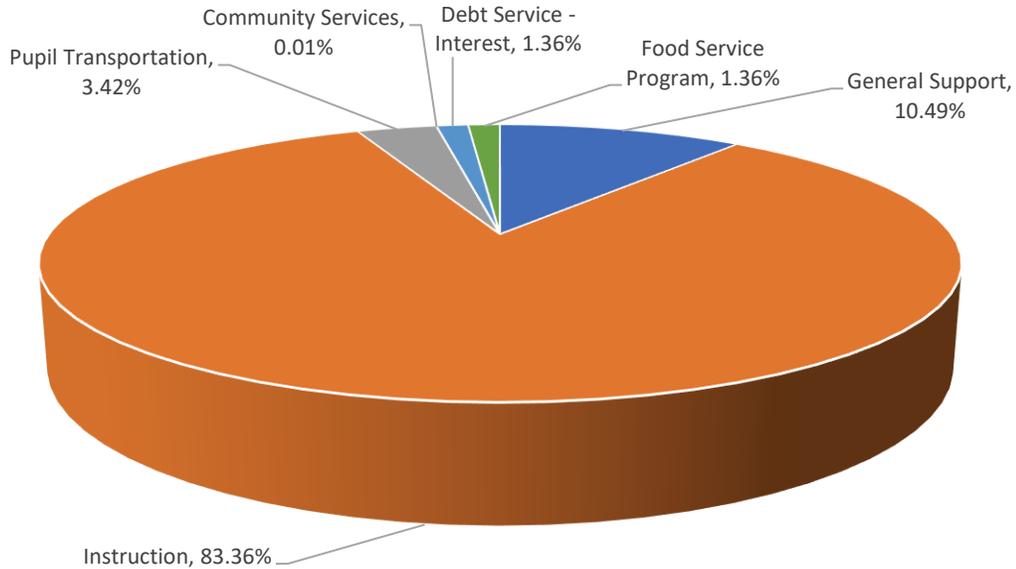
The District’s expenses for the year increased by \$36,344,061, or 14.39%, which is primarily attributable to increases in instruction of \$34,172,794 or 16.53%, pupil transportation expenses of \$793,014, or 8.71% and debt service-interest of \$2,760,705 or 237.83% offset by decreases in general support of \$954,340 or 3.05% and food service program of \$432,493 or 9.93%. These increases are primarily attributable to the increases in instructional expenses, pupil transportation and increases interest rate on borrowings. The decreases in general support can be primarily attributed to a decrease in general support and savings from various building improvements. The decrease in the food service program can be primarily attributed to a decrease in reimbursement rates from the Federal and State governments on meals served.

Table A-5: Revenues for Fiscal Year 2023 (see Table A-4):



**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table A-6: Expenses for Fiscal Year 2023 (see Table A-4):



C. Governmental Activities

Table A-7 presents the cost of major District activities: general support, instruction, pupil transportation, community services, food service program and debt service-interest. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2022
General support	\$ 30,316,594	\$ 31,270,934	\$ 29,307,216	\$ 29,558,445
Instruction	240,864,025	206,691,231	210,507,697	180,233,103
Pupil transportation	9,902,354	9,109,340	9,902,354	8,968,386
Community services	12,067	7,686	12,067	7,686
Food service program	3,922,042	4,354,535	(496,968)	(651,905)
Debt service - interest	3,921,485	1,160,780	3,921,485	1,160,780
Total	\$288,938,567	\$252,594,506	\$253,153,851	\$219,276,495

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

- The cost of all governmental activities this year was \$288,938,567. (Statement of Activities and Changes in Net Position - Expenses column)
- The users of the District's programs financed \$1,653,988 of the cost. (Statement of Activities and Changes in Net Position - Charges For Services column)
- The State and federal governments subsidized certain programs with operating grants of \$31,292,734 (Statement of Activities and Changes in Net Position - Operating Grants and Contributions column)
- The State and federal governments subsidized certain programs with capital grants of \$2,837,994 (Statement of Activities and Changes in Net Position - Capital Grants and Contributions column)
- Most of the District's net costs of \$253,153,851 were financed by District taxpayers and state aid. (Statements of Activities and Changes in Net Position - Net (Expense) Revenue and Changes in Net Position column)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$2,562,094, which is an increase of \$16,378,569 over the prior year. This increase is primarily attributed to an increase in fund balance in the general fund, school food service fund, and the debt service fund offset by decreases in fund balance in the special revenue fund and capital projects fund. A summary of the change in fund balance by fund is as follows:

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

	2023	2022	Increase/ (Decrease)	Percentage Change
General Fund				
Nonspendable - Advances to other Funds	\$ -	431,647	(431,647)	(100.00%)
Restricted for workers' compensation	6,544,294	2,002,132	4,542,162	226.87%
Restricted for retirement contribution -NYSERS	5,138,951	2,094,837	3,044,114	145.32%
Restricted for workers' compensation -NYSTRS	2,795,023	1,405,427	1,389,596	98.87%
Restricted for employee benefit accrued liability	6,077,839	2,408,975	3,668,864	152.30%
Restricted for unemployment insurance	1,170,702	1,146,558	24,144	2.11%
Restricted for insurance	433,544	316,871	116,673	36.82%
Restricted for capital	4,084,233	4,000,000	84,233	2.11%
Assigned - appropriated for: subsequent year's expenditures	5,812,059	6,134,578	(322,519)	(5.26%)
Assigned - unappropriated for:				
General support	238,649	29,480	209,169	709.53%
Instruction	494,452	67,162	427,290	636.21%
Employee benefits	498	-	498	100.00%
Unassigned fund balance	11,975,995	8,132,293	3,843,702	47.26%
Total Fund Balance - General Fund	44,766,239	28,169,960	16,596,279	58.91%
School Food Service Fund				
Nonspendable - inventory	36,090	43,997	(7,907)	(17.97%)
Assigned	58,429	(431,647)	490,076	(113.54%)
Total Fund Balance - School Food Service Fund	94,519	(387,650)	482,169	(124.38%)
Special Revenue Fund				
Restricted for Scholarships	18,658	18,426	232	1.26%
Restricted for Extraclassroom and other Student Activities	116,574	139,735	(23,161)	(16.57%)
Total Fund Balance - School Food Service Fund	135,232	158,161	(22,929)	(14.50%)
Capital Projects Fund				
Unassigned	(42,444,819)	(41,767,644)	(677,175)	1.62%
Total Fund Balance - Capital Projects Fund	(42,444,819)	(41,767,644)	(677,175)	1.62%
Debt Service Fund				
Restricted	10,923	10,698	225	2.10%
Total Fund Balance - Debt Service Fund	10,923	10,698	225	2.10%
Total Fund Balance - all funds	\$ 2,562,094	(13,816,475)	16,378,569	118.54%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District can attribute changes to fund balances and reserves primarily due to Board approved transfers in, transfers out to pay expenses, and allocation of interest and earnings.

A. General Fund

The general fund – fund balance increased by \$16,596,279 during the year as compared to an increase of \$5,232,755 in the prior year. Actual operating revenues increased by \$32,851,039, mainly due to increases in charges for services of \$1,203,249, use of money and property of \$1,051,879, miscellaneous revenues of \$1,729,528, and State sources of \$29,064,748 offset by decrease federal sources of \$942,282. Actual operating expenditures increased \$21,502,417, mainly due to increases in instruction of \$18,396,969, pupil transportation of \$841,770, employee benefits of \$3,153,523, debt service-principal of \$1,123,204 and debt service-interest of \$1,125,621 offset by a decrease in general support of \$3,140,710. The general fund transferred \$478,504 and \$250,000 to the special aid and capital projects funds, respectively.

B. School Food Service Fund

The net change in the school food service fund – fund balance is an increase of \$482,169 during the year as compared to an operating decrease of \$743,186 in the prior year. This increase was primarily due to operating revenue in excess of expenditures.

C. Special Revenue Fund

The net change fund balance in the special revenue fund is due to scholarships and extraclassroom, other student activities revenues exceeding expenditures.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$677,175, which is the result of capital outlay for the year in excess of revenues.

E. Debt Service Fund

The net change in the debt service – fund balance is an increase of \$225, which is the result of interest earned for the year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Adopted Budget

The District’s general fund original budget for the year ended June 30, 2023 was \$274,709,957. This amount was increased by encumbrances carried forward from the prior year in the amount of \$96,642 and budget revisions of \$35,279, which resulted in a final budget of \$274,841,878. The majority of the funding for the final budget was estimated to come from property taxes and STAR revenues of \$75,934,370 and state aid of \$186,841,009.

B. Change in General Fund’s Unassigned Fund Balance (Budget to Actual)

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Opening, unassigned fund balance,	\$ 8,132,293
Revenues over budget	8,788,474
Expenditures and encumbrances under budget	13,305,426
Decrease in nonspendable	431,647
Transfers to reserves	(12,588,136)
Allocation of interest to reserves	(281,650)
Assigned, appropriated for June 30, 2022 budget	<u>(5,812,059)</u>
Closing, unassigned fund balance	<u>\$ 11,975,995</u>

Opening, Unassigned Fund Balance

The \$8,132,293 shown in the table is the portion of the District’s June 30, 2022 fund balance that was retained as unassigned. The unassigned fund balance equaled 2.96% of the ensuing year’s budget, which exceeded the statutory maximum of 4.00% according to New York State Real Property Tax Law.

Revenues Over Budget

The revenues over budget of \$8,788,474 were primarily attributable to other real property tax items, charges for services, use of money and property, sale of property and compensation for loss, miscellaneous revenues, interfund revenues, state sources, and federal sources. (See Supplemental Schedule 1 for details).

Expenditures and Encumbrances Under Budget

The expenditures and encumbrances under budget of \$13,305,426 were primarily in staff, central services, special items, instruction, administration and improvement, teaching – regular school, occupational education, instructional media, employee benefits, and transfers to other funds offset by programs for children with disabilities, teaching – special schools, pupil transportation, and debt service principal and interest. (See Supplemental Schedule 1 for details).

Decrease in Nonspendable

During the current year, the nonspendable-advances to other funds was decreased by \$431,647 for interfund receivables due from the school food service funds, resulting in an increase in unassigned fund balance of \$431,647.

Transfers to Reserves

Monies transferred from budget lines within the general fund operating budget into required reserves do not affect the combined fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District’s discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfers. During the current year, the District transferred \$4,500,000 to the workers’ compensation reserve, \$3,000,000 to the retirement contribution reserve-employees’ retirement system, \$1,360,000 to the retirement contribution reserve-teachers’ retirement system, \$3,618,136 to the employee benefit accrued liability reserve, and \$110,000 to the insurance reserve.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Interest Allocated to Reserves

Revenues such as interest earned in a general fund reserve increase the reserve and, therefore, decrease the unassigned portion of the general fund-fund balance.

Workers' compensation	\$ 42,162
Retirement contribution - NYS employees' retirement system	44,114
Retirement contribution - NYS teachers' retirement system	29,596
Employee benefit accrued liability	50,728
Unemployment insurance	24,144
Capital	84,233
Insurance	<u>6,673</u>
Total interest allocation	<u>\$ 281,650</u>

Assigned Appropriated Fund Balance

The District has chosen to use \$5,812,059 of its available June 30, 2023 fund balance to partially fund its 2023-2024 voter approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summarized changes shown in the previous table, the District will begin the 2023-2024 fiscal year with an unassigned fund balance of \$11,975,995. This is an increase of \$3,843,702 in unassigned fund balance from the prior year. This amount is 4.0% of the 2023-2024 adopted budget and is within the statutory maximum established by New York State Real Property Tax Law.

6. CAPITAL ASSET, RIGHT TO USE ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2023. A summary of the District’s capital assets net of depreciation are as follows:

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

Category	2023	2022	Increase (Decrease)	Percentage Change
Land	\$ 1,695,948	1,695,948	-	0.00%
Construction in progress	14,936,541	64,872,366	(49,935,825)	(76.98%)
Buildings & improvements	131,774,613	68,927,285	62,847,328	91.18%
Furniture & equipment	4,812,448	8,134,048	(3,321,600)	(40.84%)
Site improvements	<u>2,324,180</u>	<u>2,398,220</u>	(74,040)	(3.09%)
Subtotal	155,543,730	146,027,867	9,515,863	6.51%
Less accumulated depreciation	<u>55,887,800</u>	<u>59,417,767</u>	<u>(3,529,967)</u>	(5.94%)
Total	<u>\$ 99,655,930</u>	<u>86,610,100</u>	<u>13,045,830</u>	15.06%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District spent \$15,299,000 from the capital projects fund on building improvements and purchases of furniture and equipment, and \$67,202, \$57,215 and \$198,474 from the general fund, school lunch fund and special aid fund, respectively, on furniture and equipment purchases during the year.

B. Right to Use Assets

At June 30, 2023 and 2022, the District had right to use assets-lease assets, net of amortization for portable classroom had various District locations of \$63,860 and \$447,022, respectively. These assets are amortized over the short of the useful life of the asset or the life of the lease.

C. Debt Administration

At June 30, 2023, the District had total bonds payable of \$7,150,000, energy performance contract debt of \$10,751,012 and leases payable of \$71,858. Principal payments were made in the amount of \$3,645,000 for serial bonds and \$418,822 for leases payable. No principal payments were on the energy performance contract debt. See Note 14 for more detailed information about the District’s long-term debt.

A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase/ (Decrease)
Serial bonds	\$ 7,150,000	10,795,000	(3,645,000)
Leases payable	71,858	490,680	(418,822)
Total Debt	\$ 17,972,870	11,285,680	6,687,190

On May 15, 2018, the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. The District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs & windows and health & safety improvements in District schools and issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. The District has not issued any bonds related to these projects.

The District’s latest underlying, long-term credit rating from Standard & Poors is A/ Stable.

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- A.** On May 16, 2023 the proposed 2023-2024 budget in the amount of \$299,399,867 was authorized by the District’s residents. The budget passed by 69.61% of those who voted. This is an increase of \$24,689,910, or 8.99% over the previous year’s budget. The increase was primarily due to increases in general and instruction services.
- B.** On May 15, 2018, 71.77% of the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. As of June 30, 2023, the District has not issued any bonds related to this project.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- C.** On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs & windows and health & safety improvements in District schools and issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. The District has not issued any bonds related to these projects.
- D.** 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, uncertainty with state aid and the enactment of the Real Property Tax Levy Limit (“Tax Cap”) Law by New York State which will continue to impact the District’s ability to fund its current cost of services (see below).
- E.** The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.
- F.** The District issued revenue anticipation notes on July 11, 2023, in the amount of \$43,000,000, which will mature on June 28, 2024 bearing a stated interest rate of 5.00%. The District received a premium of \$400,330 with the borrowing to yield an effective interest rate of 3.90%.
- G.** The District issued bond anticipation notes on July 11, 2023, in the amount of \$42,660,000, which will mature on July 11, 2024 bearing a stated interest rate of 4.75%. The District received a premium of \$377,551 with the borrowing to yield an effective interest rate of 3.55%.
- H.** The District is in the process of a capital asset appraisal. These reports were not available to be included at the time of issuance in these financial statements.

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:

Hempstead Union Free School District
Mr. Jamal Scott
Assistant Superintendent for Business and Operations
185 Peninsula Boulevard
Hempstead, New York 11550
(516) 434-4000

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

ASSETS

Current assets

Cash		
Unrestricted	\$	32,492,072
Restricted		36,579,811
Receivables		
Taxes receivable		3,261,362
State and federal aid		29,646,374
Due from other governments		2,752,307
Accounts receivable		283,810
Inventories		36,090

Non-current assets

Capital assets		
Capital assets not being depreciated		16,632,489
Capital assets being depreciated, net of accumulated depreciation		83,023,441
Right to use assets-lease assets, net of amortization		63,860

TOTAL ASSETS 204,771,616

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - NYSERS	5,930,382
Deferred outflows of resources - NYSTRS	38,555,172
Total other post-employment benefit obligation	51,215,969

TOTAL DEFERRED OUTFLOWS OF RESOURCES 95,701,523

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 300,473,139

LIABILITIES

Payables

Accounts payable	\$ 18,041,848
Accrued liabilities	2,673,548
Accrued interest payable	2,086,052
Bond anticipation note payable	68,425,000
Due to other governments	1,774,612
Due to teachers' retirement system	7,906,126
Due to employees' retirement system	492,312
Compensated absences payable	796,201

Unearned credits

Collections in advance	246,487
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Long-term liabilities

Due and payable within one year	
Bonds payable	1,710,000
Energy performance contract debt	310,026
Leases payable	71,858
Compensated absences payable	1,000,000
Due and payable after one year	
Bonds payable	5,440,000
Energy performance contract debt	10,440,986
Compensated absences payable	6,233,785
Termination benefits payable	368,500
Workers' compensation claims payable	7,134,202
Net pension liability - proportionate share NYSERS	8,090,517
Net pension liability - proportionate share NYSTRS	6,966,014
Total other post-employment benefits obligation	282,787,841

TOTAL LIABILITIES 432,995,915

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - NYSERS	736,102
Deferred inflows of resources - NYSTRS	3,620,637
Total other post-employment benefits obligation	113,477,079

TOTAL DEFERRED INFLOWS OF RESOURCES 117,833,818

NET POSITION

Net investment in capital assets 46,180,921

Restricted

Workers' compensation	6,544,294
Retirement contribution - NYS employees' retirement system	5,138,951
Retirement contribution - NYS teachers' retirement system	2,795,023
Employee benefit accrued liability	6,077,839
Unemployment insurance	1,170,702
Insurance	433,544
Capital projects	4,084,233
Debt service	10,923
Scholarships	18,658
Extraclassroom and other student activities	116,574

26,390,741

Unrestricted (deficit) (322,928,256)

TOTAL NET POSITION (DEFICIT) (250,356,594)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT) \$ 300,473,139

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
FUNCTIONS / PROGRAMS					
General support	\$ (30,316,594)	\$ -	\$ 1,009,378	\$ -	\$ (29,307,216)
Instruction	(240,864,025)	1,582,805	25,935,529	2,837,994	(210,507,697)
Pupil transportation	(9,902,354)	-	-	-	(9,902,354)
Community services	(12,067)	-	-	-	(12,067)
Food service program	(3,922,042)	71,183	4,347,827	-	496,968
Debt service - interest	(3,921,485)	-	-	-	(3,921,485)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (288,938,567)</u>	<u>\$ 1,653,988</u>	<u>\$ 31,292,734</u>	<u>\$ 2,837,994</u>	<u>(253,153,851)</u>
GENERAL REVENUES					
Real property taxes					72,077,986
Other tax items - including STAR reimbursement					9,389,231
Use of money and property					1,124,232
Sale of property and compensation for loss					439,537
Miscellaneous					4,614,475
State sources					187,964,585
Medicaid reimbursement					276,157
TOTAL GENERAL REVENUES					<u>275,886,203</u>
CHANGE IN NET POSITION					22,732,352
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					<u>(273,088,946)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (250,356,594)</u>

See Accompanying Notes to Financial Statements

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

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 31,677,110	\$ 355,663	\$ 459,299	\$ -	\$ -	\$ -	\$ 32,492,072
Restricted	26,244,586	-	-	117,770	10,217,455	-	36,579,811
Receivables							
Taxes receivable	3,261,362	-	-	-	-	-	3,261,362
State and federal aid	7,110,807	20,856,726	328,407	-	1,350,434	-	29,646,374
Due from other governments	2,752,307	-	-	-	-	-	2,752,307
Accounts receivable	283,810	-	-	-	-	-	283,810
Due from governmental funds	20,972,076	-	-	17,462	21,871,296	10,923	42,871,757
Inventories	-	-	36,090	-	-	-	36,090
TOTAL ASSETS	<u>\$ 92,302,058</u>	<u>\$ 21,212,389</u>	<u>\$ 823,796</u>	<u>\$ 135,232</u>	<u>\$ 33,439,185</u>	<u>\$ 10,923</u>	<u>\$ 147,923,583</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE							
Payables							
Accounts payable	\$ 9,862,448	\$ 604,874	\$ 115,522	\$ -	\$ 7,459,004	\$ -	\$ 18,041,848
Accrued liabilities	2,670,840	1,436	1,272	-	-	-	2,673,548
Bond anticipation note payable	-	-	-	-	68,425,000	-	68,425,000
Due to other governments	1,774,612	-	-	-	-	-	1,774,612
Due to governmental funds	21,899,682	20,359,592	612,483	-	-	-	42,871,757
Due to teachers' retirement system	7,906,126	-	-	-	-	-	7,906,126
Due to employees' retirement system	492,312	-	-	-	-	-	492,312
Compensated absences	796,201	-	-	-	-	-	796,201
Unearned credits							
Collections in advance	-	246,487	-	-	-	-	246,487
TOTAL LIABILITIES	<u>45,402,221</u>	<u>21,212,389</u>	<u>729,277</u>	<u>-</u>	<u>75,884,004</u>	<u>-</u>	<u>143,227,891</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	2,133,598	-	-	-	-	-	2,133,598
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,133,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,133,598</u>
FUND BALANCES							
Non-Spendable							
Inventory	-	-	36,090	-	-	-	36,090
Restricted							
Workers' compensation	6,544,294	-	-	-	-	-	6,544,294
Retirement contribution - NYS employees' retirement system	5,138,951	-	-	-	-	-	5,138,951
Retirement contribution - NYS teachers' retirement system	2,795,023	-	-	-	-	-	2,795,023
Employee benefit accrued liability	6,077,839	-	-	-	-	-	6,077,839
Unemployment insurance	1,170,702	-	-	-	-	-	1,170,702
Insurance	433,544	-	-	-	-	-	433,544
Capital	4,084,233	-	-	-	-	-	4,084,233
Debt service	-	-	-	-	-	10,923	10,923
Scholarships	-	-	-	18,658	-	-	18,658
Extraclassroom and other student activities	-	-	-	116,574	-	-	116,574
Assigned							
Appropriated fund balance	5,812,059	-	-	-	-	-	5,812,059
Unappropriated fund balance	733,599	-	58,429	-	-	-	792,028
Unassigned							
Unassigned fund balance	11,975,995	-	-	-	(42,444,819)	-	(30,468,824)
TOTAL FUND BALANCES	<u>44,766,239</u>	<u>-</u>	<u>94,519</u>	<u>135,232</u>	<u>(42,444,819)</u>	<u>10,923</u>	<u>2,562,094</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 92,302,058</u>	<u>\$ 21,212,389</u>	<u>\$ 823,796</u>	<u>\$ 135,232</u>	<u>\$ 33,439,185</u>	<u>\$ 10,923</u>	<u>\$ 147,923,583</u>

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

Total Governmental Fund Balances \$ 2,562,094

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

The costs of the 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 includes 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	\$ 155,543,730	
Accumulated depreciation	(55,887,800)	99,655,930

Intangible assets - lease assets, net of amortization, used in governmental activities are not current financial resources and, therefore, are not reported in the funds

Original cost of right to use assets - lease assets	1,915,810	
Accumulated depreciation	(1,851,950)	63,860

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenues under the modified accrual method. 2,133,598

Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the funds:

Proportionate share of net pension liability - NYSTRS	(6,966,014)	
Proportionate share of net pension liability - NYSERS	(8,090,517)	
Deferred outflows of resources - NYSERS and NYSTRS pension related	44,485,554	
Deferred inflows of resources - NYSERS and NYSTRS pension related	(4,356,739)	25,072,284

Long-term liability and related deferred outflows and inflows associated with total other post-employment benefit obligation are not current financial resources or obligations and are not reported in the funds:

Deferred outflows of resources - OPEB related	51,215,969	
Total other post-employment benefits obligation	(282,787,841)	
Deferred inflows of resources - OPEB related	(113,477,079)	(345,048,951)

Long-term liabilities, including bonds payable, 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 consist of:

Bonds payable	(7,150,000)	
Energy performance contract debt	(10,751,012)	
Leases payable	(71,858)	
Workers' compensation claims payable	(7,134,202)	
Compensated absences payable	(7,233,785)	
Termination benefits payable	(368,500)	(32,709,357)

Interest payable applicable to the District's activities are due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position. (2,086,052)

Total Net Position (Deficit) \$ (250,356,594)

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES							
Real property taxes	\$ 72,077,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,077,986
Other tax items - including STAR reimbursement	9,389,231	-	-	-	-	-	9,389,231
Charges for services	1,550,063	-	-	-	-	-	1,550,063
Use of money and property	1,123,138	-	516	353	-	225	1,124,232
Sale of property and compensation for loss	439,537	-	-	-	-	-	439,537
Miscellaneous	4,213,178	-	2,346	87,008	-	-	4,302,532
Interfund revenues	258,461	-	-	-	-	-	258,461
State sources	187,964,585	8,726,231	75,290	-	2,837,994	-	199,604,100
Medicaid reimbursement	276,157	-	-	-	-	-	276,157
Federal sources	106,796	18,111,880	4,094,929	-	-	-	22,313,605
Surplus food	-	-	177,608	-	-	-	177,608
Sales	-	-	71,183	-	-	-	71,183
TOTAL REVENUES	<u>277,399,132</u>	<u>26,838,111</u>	<u>4,421,872</u>	<u>87,361</u>	<u>2,837,994</u>	<u>225</u>	<u>311,584,695</u>
EXPENDITURES							
General support	23,578,192	1,009,378	-	-	-	-	24,587,570
Instruction	178,148,764	26,307,237	-	110,290	-	-	204,566,291
Pupil transportation	9,807,033	-	-	-	-	-	9,807,033
Community services	7,700	-	-	-	-	-	7,700
Employee benefits	41,293,565	-	786,586	-	-	-	42,080,151
Debt service - Principal	4,846,641	-	-	-	-	-	4,846,641
Debt service - Interest	2,392,454	-	-	-	-	-	2,392,454
Cost of sales	-	-	3,153,117	-	-	-	3,153,117
Capital outlay	-	-	-	-	15,299,000	-	15,299,000
TOTAL EXPENDITURES	<u>260,074,349</u>	<u>27,316,615</u>	<u>3,939,703</u>	<u>110,290</u>	<u>15,299,000</u>	<u>-</u>	<u>306,739,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>17,324,783</u>	<u>(478,504)</u>	<u>482,169</u>	<u>(22,929)</u>	<u>(12,461,006)</u>	<u>225</u>	<u>4,844,738</u>
OTHER FINANCING SOURCES AND USES							
Proceeds from energy performance contract	-	-	-	-	10,751,012	-	10,751,012
BANs redeemed from appropriations	-	-	-	-	782,819	-	782,819
Operating transfers in	-	478,504	-	-	250,000	-	728,504
Operating transfers (out)	(728,504)	-	-	-	-	-	(728,504)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(728,504)</u>	<u>478,504</u>	<u>-</u>	<u>-</u>	<u>11,783,831</u>	<u>-</u>	<u>11,533,831</u>
NET CHANGE IN FUND BALANCES	16,596,279	-	482,169	(22,929)	(677,175)	225	16,378,569
FUND BALANCES - BEGINNING OF YEAR	<u>28,169,960</u>	<u>-</u>	<u>(387,650)</u>	<u>158,161</u>	<u>(41,767,644)</u>	<u>10,698</u>	<u>(13,816,475)</u>
FUND BALANCES - END OF YEAR	<u>\$ 44,766,239</u>	<u>\$ -</u>	<u>\$ 94,519</u>	<u>\$ 135,232</u>	<u>\$ (42,444,819)</u>	<u>\$ 10,923</u>	<u>\$ 2,562,094</u>

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

Net Change in Fund Balance \$ 16,378,569

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

Long-Term Revenue and Expense Differences

Deferred inflows of resources - The Statement of Net Position recognized revenue received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. 344,685

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2023 changed by: (528,708)

In the Statement of Activities, termination benefits payable are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Termination benefits payable for the fiscal year ended June 30, 2023 changed by: 21,500

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable for the fiscal year ended June 30, 2023 changed by: (765,117)

Total other post-employment benefits obligation in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Total other post-employment benefits obligation for the fiscal year ended June 30, 2023 changed by: (32,030,041)

Deferred inflows related to total other post-employment benefits in the Statement of Activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred inflows related to total other post-employment benefits for the fiscal year ended June 30, 2023 changed by: 30,435,976

Deferred outflows related to total net other post-employment benefits in the Statement of Activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred inflows related to total other post-employment benefits for the fiscal year ended June 30, 2023 changed by: 8,267,292

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and loss on disposals in the period:

Capital outlays	\$ 15,621,891	
Loss on disposals	(540,881)	
Depreciation expense	<u>(2,035,180)</u>	13,045,830

Right-to-use assets-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. (383,162)

Long-Term Debt Transaction Differences

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

Bonds payable	3,645,000	
Leases payable	<u>418,822</u>	4,063,822

Proceeds from energy performance contract is revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (10,751,012)

Interest on short and 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 for the fiscal year ended June 30, 2023 changed by: (1,529,031)

Pension Differences

Increases/decreases in proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

New York State Employees' retirement system	(1,447,743)	
New York State Teachers' retirement system	<u>(2,390,508)</u>	<u>(3,838,251)</u>

Change in Net Position of Governmental Activities \$ 22,732,352

**HEMPSTEAD 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 Hempstead Union Free School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described as follows:

A) Reporting entity:

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

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

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

B) Joint venture:

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

C) Basis of presentation:

i) District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of interfund 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 donations for scholarships, while the capital grants column reflects capital specific grants, if applicable.

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

ii) Fund Financial Statements:

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District financial statements reflect the following major funds:

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

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

School Food Service Fund: This fund is used to account for the activities of the District's school lunch operations, which are supported by federal and state grants and charges to participants for its services.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, renovation, or major repair of capital facilities and other capital assets, such as equipment.

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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District's financial statements report no fiduciary activities as defined in GASB Statement No. 84, *Fiduciary Activities* (GASB 84).

D) Measurement focus and basis of accounting:

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

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs, other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

E) Real property taxes:

Real property taxes are levied annually by the Board of Education no later than August 15th, and become a lien on October 1st and April 1st. Taxes are collected by the Town of Hempstead and remitted to the District during the period October 1st through November 10th, and April 1st through May 10th without penalty.

Uncollected real property taxes are subsequently enforced by Nassau County (the “County”). The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

F) Restricted resources:

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

G) Interfund transactions:

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

Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, leases payable, compensated absences, termination benefits, claims payable, workers’ compensation claims, net pension liability – proportionate share, potential contingent liabilities, other postemployment benefits, and useful lives of capital and right to use assets.

I) Cash and cash equivalents:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

J) Restricted cash:

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

K) Receivables:

Receivables are shown net of allowance for uncollectible amounts, when applicable. An allowance for uncollectible accounts represents the portion of receivables that is not expected to be collected.

L) Inventories and prepaid items:

Inventories of food in the school food service fund are 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 Federal Government's assigned value, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

An amount for these non-liquid assets (inventories) has been recognized in the school food service fund as non-spendable fund balance under GASB Statement No. 54 to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2023.

M) Capital assets:

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$ 15,000	Straight-line	50 years
Furniture and equipment	\$ 1,000	Straight-line	5-20 years
Site improvements	\$ 15,000	Straight-line	20 years

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

N) Intangible assets - lease assets:

Right to use - lease assets are reported at the present value of remaining future lease payments remaining on the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These right-to-use 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 right-to-use lease asset acquisitions are added to the right-to-use lease asset accounts), amortization methods, and estimated useful lives of right-to-use lease assets reported in the District-wide Financial Statements follow the same thresholds as noted above for capital assets.

O) 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. See Note 9 for further detail.

P) Deferred outflows and inflows of resources:

The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and the other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 16.

The Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 16.

The deferred inflows of resources on the Governmental Funds Balance Sheet will sometimes report deferred inflow of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred revenues are reclassified as revenues. The District wide financial statements, however, report these deferred inflows as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Q) Employee benefits – Compensated absences and termination benefits:

Compensated absences

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

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

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.

Termination benefits

In addition to the compensated absences, the teachers assistants contracts with the District provide for the lump sum payment upon termination of \$4,000, \$5,500 or \$8,500 after 10, 15 or 20 years of employment, respectively. The current estimated value of the payout is \$368,500 and is recorded as a long-term liability in the Statement of Net Position.

In the fund financial statements only the amount of matured liabilities is accrued within the general fund.

R) Other benefits:

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

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-wide statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

S) Short-term debt:

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Refer to Note 13 for a detailed disclosure short-term debt activity.

T) Accrued liabilities and long-term obligations:

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. claims and judgments, compensated absences, termination benefits, net pension liability-proportionate share, and other post-employment benefits that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent they have matured. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

U) Equity classifications:

i) District-Wide Financial Statements

In the District-wide financial statements there are three classes of net position:

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

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

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

ii) Fund Financial Statements

There are five classifications of fund balance as detailed below; however, in the District's fund financial statements there are four classifications of fund balance presented:

- 1) **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 food service fund of \$36,090.
- 2) **Restricted fund balance** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Currently, New York State laws still use the terminology "reserves" and districts are allowed to use reserves authorized by law. The District has classified the following as restricted:

Workers' Compensation Reserve

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Retirement Contribution Reserve

Retirement contribution reserve (GML§6-r) must be used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may be legally appropriated. The Board has adopted a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve

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

Unemployment Insurance Reserve

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

Insurance Reserve

Insurance reserve (GML §6-n), must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund as restricted fund balance.

Capital Reserve

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

Restricted for Debt Service

Unexpended balances of proceeds of borrowings for capital projects; interest and earning from investing proceeds of obligations, and premium and accrued interest are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the special revenue fund under restricted fund balance and amounted to \$18,658 at June 30, 2023.

Restricted for Extraclassroom and Other Student Activities

Amounts restricted for extraclassroom and other student activities are used to account for funds contributed and deposited by students. These restricted funds are accounted for in the special revenue fund under restricted fund balance and amounted to \$116,574 at June 30, 2023.

- 3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2023.
- 4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes encumbrances not classified as restricted or committed at the end of the fiscal year.
- 5) **Unassigned fund balance** - Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The capital projects fund had a deficit fund balance of \$42,444,819. This will be funded when the District obtains permanent financing from its current construction project through bond issuances.

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

Order of Use of Fund Balance:

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

V) Change in accounting standard:

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability for future subscription payments. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required, as it did not have a material impact on its financial statements.

W) Future changes in accounting standards:

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

GASB Statement No. 99, *Omnibus 2022*. Effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections* — an amendment of GASB Statement No. 62. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide 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 resource measurement focus of the District-wide statements, compared with the current financial resource measurement focus of the governmental funds.

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

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

(B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences, workers’ compensation, pension costs and other post-employment benefits.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund 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.

iv) Pension differences:

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset/liability and difference between the District’s contributions and its proportionate share of the total contributions to the pension system.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education 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 of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Information – Schedule of Change from Adopted Budget to Final Budget. The following supplemental appropriations occurred during the fiscal year:

Budget Revisions:

Employee benefit accrued liability	\$ 5,000
Donations	\$ 30,279
Adult education fees	<u>30,279</u>
Total Budget Revisions	<u>\$ 35,279</u>

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 assignments or restrictions of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 – CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the 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.

As of June 30, 2023 the District has \$4,938,634 of bank balances, not covered by collateral FDIC insurance, which were exposed to custodial credit risk as described above at year end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by the legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2023 included \$23,991,675 within the governmental funds for general reserve purposes in the general fund, scholarships and extraclassroom and other student activities in the special revenue fund and unspent debt proceeds in capital projects fund.

B) Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the year ended June 30, 2023, the District was billed \$40,304,818 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,452,857. Financial statements for the Nassau BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, New York 11530.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

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

General fund	
New York State Aid	
Excess cost aid	\$ 2,965,046
BOCES aid	3,392,057
General aid	533,206
Other state aid	<u>220,498</u>
Total general fund	<u>7,110,807</u>
Special aid fund	
State aid	7,568,596
Federal aid	<u>13,288,130</u>
Total special aid fund	<u>20,856,726</u>
School food service fund	
State food service program reimbursement	14,054
Federal food service program reimbursement	<u>314,353</u>
Total school food service fund	<u>328,407</u>
Capital projects fund	
State aid - SmartBonds	<u>1,350,434</u>
Total capital projects fund	<u>1,350,434</u>
Total - all funds	<u><u>\$ 29,646,374</u></u>

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General fund	
PILOTs	\$ 1,298,400
Other districts - tuition	<u>1,453,907</u>
Total	<u><u>\$ 2,752,307</u></u>

District management has deemed the amounts to be fully collectible.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2023 consisted of the following:

General fund	
Other Districts - Tuition and health services	\$ 1,774,612
Total	<u>\$ 1,774,612</u>

NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2023 consisted of the following:

Special aid fund	
Grant funds received in advance	<u>\$ 246,487</u>

NOTE 10 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,695,948	\$ -	\$ -	\$ 1,695,948
Construction in progress	64,872,366	15,299,000	(65,234,825)	14,936,541
Total capital assets not depreciated	<u>66,568,314</u>	<u>15,299,000</u>	<u>(65,234,825)</u>	<u>16,632,489</u>
Capital assets that are depreciated:				
Building & building improvements	68,927,285	-	62,847,328	131,774,613
Furniture and equipment	8,134,048	322,891	(3,644,491)	4,812,448
Site improvement	2,398,220	-	(74,040)	2,324,180
Total depreciable historical cost	<u>79,459,553</u>	<u>322,891</u>	<u>59,128,797</u>	<u>138,911,241</u>
Less accumulated depreciation:				
Building & building improvements	50,395,089	1,627,111	(1,606,781)	50,415,419
Furniture and equipment	6,912,810	370,669	(3,817,788)	3,465,691
Site improvement	2,109,868	37,400	(140,578)	2,006,690
Total accumulated depreciation	<u>59,417,767</u>	<u>2,035,180</u>	<u>(5,565,147)</u>	<u>55,887,800</u>
Total capital assets, net	<u>\$ 86,610,100</u>	<u>\$ 13,586,711</u>	<u>\$ (540,881)</u>	<u>\$ 99,655,930</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Depreciation expense and loss on disposals were charged to governmental functions as follows:

General support	\$ 52,959
Instruction	2,457,997
Transportation	25,551
School food service	39,554
	<u>\$ 2,576,061</u>

NOTE 11 – RIGHT TO USE ASSETS - LEASE ASSETS

The following schedule summarizes the District’s right to use assets - lease assets activity for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible assets - lease assets				
Portable classrooms	\$ 1,915,810	\$ -	\$ -	1,915,810
Total intangible assets - lease assets being amortized	<u>1,915,810</u>	<u>-</u>	<u>-</u>	<u>1,915,810</u>
Less accumulated amortization:				
Portable classrooms	<u>1,468,788</u>	<u>383,162</u>		<u>1,851,950</u>
Total accumulated amortization	<u>1,468,788</u>	<u>383,162</u>		<u>1,851,950</u>
Total intangible assets - lease assets, net	<u>\$ 447,022</u>	<u>\$ (383,162)</u>	<u>\$ -</u>	<u>\$ 63,860</u>

Amortization expense of \$383,162 was charged to governmental functions as instruction.

NOTE 12 – INTERFUND TRANSACTIONS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 20,972,076	21,899,682	-	728,504
Special aid fund	-	20,359,592	478,504	-
School food service	-	612,483	-	-
Special revenue fund	17,462	-	-	-
Capital projects fund	21,871,296	-	250,000	-
Debt service fund	10,923	-	-	-
Total government activities	<u>\$ 42,871,757</u>	<u>42,871,757</u>	<u>728,504</u>	<u>728,504</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District typically transfers from the general fund to the special aid fund to fund the District's 20% share of the summer school program for students with disabilities and the basic contribution required for Section 4201 state-supported school expenditures required by State Law.

The District made a \$250,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2022-2023 school budget to fund various school improvement projects.

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

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

NOTE 13 - SHORT-TERM DEBT:

During the fiscal year ended June 30, 2023, the District issued and redeemed revenue anticipation notes in the amount of \$43,000,000 and issued bond anticipation notes of \$68,425,000. Additionally, the District redeemed \$44,207,819 of bond anticipation notes. The debt was issued for interim financing of general fund operations and capital projects. Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/13/2022	1.00%	25,480,000	\$ -	\$ 25,480,000	\$ -
BAN	11/30/2022	1.50%	18,727,819	-	18,727,819	-
RAN	6/30/2023	3.75%	-	43,000,000	43,000,000	-
BAN	7/12/2023	4.00%	-	25,040,000	-	25,040,000
BAN	7/12/2023	4.50%	-	18,385,000	-	18,385,000
BAN	4/29/2024	4.00%	-	25,000,000	-	25,000,000
	Total		\$ 44,207,819	\$ 111,425,000	\$ 87,207,819	\$ 68,425,000

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

	<u>Total</u>
Interest paid	\$ 2,092,467
Less interest accrued in the prior year	(408,051)
Plus interest accrued in the current year	1,651,947
Total expense	\$ 3,336,363

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 14 – LONG-TERM DEBT OBLIGATIONS:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
Bonds payable	\$ 10,795,000	\$ -	\$ 3,645,000	\$ 7,150,000	\$ 1,710,000
Energy performance contract debt payable	-	10,751,012	-	10,751,012	310,026
Leases payable	490,680	-	418,822	71,858	71,858
Other long-term liabilities:					
Compensated absences payable	6,705,077	1,780,253	1,251,545	7,233,785	1,000,000
Termination benefits payable	390,000	-	21,500	368,500	-
Workers' compensation claims payable	6,369,085	3,567,219	2,802,102	7,134,202	-
Net pension liability- proportionate share-NYSERS	-	21,544,458	13,453,941	8,090,517	-
Net pension liability- proportionate share-NYSTRS	-	57,927,688	50,961,674	6,966,014	-
Total other post-employment benefits obligation	250,757,800	41,286,958	9,256,917	282,787,841	-
Total long-term liabilities	<u>\$275,507,642</u>	<u>\$136,857,588</u>	<u>\$ 81,811,501</u>	<u>\$330,553,729</u>	<u>\$ 3,091,884</u>

The general fund has typically been used to liquidate long-term liabilities such as compensated absences, termination benefits, workers' compensation claims payable, net pension liability and total other post-employment benefits obligation.

A) Bonds payable

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	06/01/09	06/01/24	4.00 - 5.00%	\$ 560,000
Serial Bonds	07/18/13	07/15/28	3.00 - 4.00%	3,915,000
QZAB Bonds	10/02/13	07/15/28	1.15 - 5.30%	2,195,000
Serial Bonds	07/17/14	07/15/24	2.00 - 3.00%	480,000
				<u>\$ 7,150,000</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,710,000	\$ 280,684	\$ 1,990,684
2025	1,200,000	207,268	1,407,268
2026	995,000	163,652	1,158,652
2027	1,040,000	121,042	1,161,042
2028	1,080,000	74,563	1,154,563
2029	1,125,000	25,198	1,150,198
	<u>\$ 7,150,000</u>	<u>\$ 872,407</u>	<u>\$ 8,022,407</u>

Unissued Debt

On June 13, 2006, the voters authorized the issuance of bonds not to exceed \$33,317,483 to construct improvements and alterations to all District owned school buildings and sites. As of June 30, 2023, the District had issued \$32,641,931 of bonds; \$675,552 of bonds had not been issued. The projects are completed and expenditures are recorded in the capital projects fund

On March 15, 2011, the voters authorized the issuance of bonds not to exceed \$18,135,084 for the Prospect School Bond Project. As of June 30, 2023, the District had issued \$14,920,000 of bonds and \$3,215,084 of funding was provided by State sources and the general fund.

The related projects on the June 13, 2006 and March 15, 2011, are completed and expenditures are recorded in the capital projects fund. As of June 30, 2023, the District does not plan to issue the remaining balance and has utilized local sources to finance the projects.

On May 15, 2018, the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. As of June 30, 2023, the District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs and windows and health & safety improvements in District schools. As of June 30, 2023, the District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. As of June 30, 2023, the District has not issued any bonds related to this project.

B) Energy performance contract:

Energy performance contract debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy performance debt	7/26/2022	7/26/2037	3.06%	<u>\$ 10,751,012</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 310,026	\$ 499,177	\$ 809,203
2025	634,448	316,691	951,139
2026	654,136	297,002	951,138
2027	674,436	276,702	951,138
2028	695,366	255,773	951,139
2029-2033	3,814,224	941,466	4,755,690
2034-2038	3,968,376	311,745	4,280,121
	<u>\$ 10,751,012</u>	<u>\$ 2,898,556</u>	<u>\$ 13,649,568</u>

C) Leases payable

Leases 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>
Willscott - portable classrooms	9/1/2018	8/31/2023	5.00%	<u>\$ 71,858</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 71,858</u>	<u>\$ 449</u>	<u>\$ 72,307</u>

D) Long-Term Interest

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

	<u>Total</u>
Interest paid	\$ 299,987
Less interest accrued in the prior year	(148,970)
Plus interest accrued in the current year	<u>434,105</u>
Total expense	<u>\$ 585,122</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 15 – PENSION PLANS:

General information

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (collectively referred to as the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. NYSERS 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 net 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 NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included within New York State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. NYSTRS 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. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS 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 NYSTRS. 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year	NYSERS	NYSTRS
2023	\$ 1,480,210	\$ 7,009,060
2022	\$ 2,136,159	\$ 6,302,393
2021	\$ 1,929,074	\$ 5,758,678

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

At June 30, 2023, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2023 for NYSERS and June 30, 2022 for NYSTRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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 NYSERS and NYSTRS Systems in reports provided to the District.

	NYSERS	NYSTRS
Measurement date	March 31, 2022	June 30, 2022
District's proportionate share of the net pension liability	\$ (8,090,517)	\$ (6,966,014)
District's portion of the Plan's total net pension liability	0.0377285%	0.363023%
Change in proportion since the prior measurement date	0.0001460%	0.005914%

For the year ended June 30, 2023, the District recognized pension expense of \$2,955,195 and \$9,396,546 for NYSERS and NYSTRS, respectively. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	NYSERS	NYSTRS	NYSERS	NYSTRS
Differences between expected and actual experience	\$ 861,703	\$ 7,299,501	\$ (227,212)	\$ (139,587)
Changes of assumptions	3,929,277	13,512,889	(43,426)	(2,806,108)
Net difference between projected and actual investment earnings on pension plan investments	-	9,000,751	(47,531)	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	647,090	1,732,971	(417,933)	(674,942)
District's contributions subsequent to the measurement date	492,312	7,009,060	-	-
Total	\$ 5,930,382	\$ 38,555,172	\$ (736,102)	\$ (3,620,637)

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

Plan Year Ended	NYSERS	NYSTRS
2024	\$ 1,125,873	\$ 5,533,538
2025	(417,908)	2,873,409
2026	1,744,103	(898,985)
2027	2,249,900	17,995,765
2028	-	2,348,824
Thereafter	-	72,924
Total	\$ 4,701,968	\$ 27,925,475

Actuarial Assumptions

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	NYSERS	NYSTRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
Cost of living adjustments	1.50%	1.30%

For NYSERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2021. For NYSTRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For NYSERS, 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 NYSTRS, the actuarial 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 NYSERS, 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 NYSTRS, 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 actuarial valuation date, are summarized in the following table:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	NYSERS		NYSTRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	March 31, 2023		June 30, 2022	
Asset Type:				
Domestic equity	32.0%	4.3%	33.0%	6.5%
International equity	15.0%	6.9%	16.0%	7.2%
Private equity	10.0%	7.5%	8.0%	9.9%
Real estate equity	9.0%	4.6%	11.0%	6.2%
Opportunistic/ Absolute return strategy	3.0%	5.4%		
Real assets	3.0%	5.8%		
Fixed income	23.0%	1.5%		
Cash and cash equivalents	1.0%		1.0%	-0.3%
Credit	4.0%	5.4%		
Domestic fixed income securities			16.0%	1.1%
High-yield fixed income securities			1.0%	3.3%
Global bonds			2.0%	0.6%
Real estate debt			6.0%	2.4%
Global equities			4.0%	6.9%
Private debt			2.0%	5.3%
	100.0%		100.0%	

* Real rates of return are net of a long-term assumption of 2.90% for NYSERS and 2.50% for NYSTRS.

Discount Rate

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

Sensitivity of the Proportionate Share of the Pension 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 NYSERS and 6.95% for NYSTRS, 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 NYSERS and 5.95% for NYSTRS) or 1-percentage point higher (6.90% for NYSERS and 7.95% for NYSTRS) than the current rate:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
NYSERS			
Employer's proportionate share of the net pension asset/(liability)	\$ (19,551,310)	\$ (8,090,517)	\$ 1,486,308
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
NYSTRS			
Employer's proportionate share of the net pension asset/(liability)	\$ (64,229,915)	\$ (6,966,014)	\$ 41,192,551

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset of the employers as of the respective valuation dates, were as follows:

	NYSERS	NYSTRS
	(Dollars in Thousands)	
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,473)
Plan net position	211,183,223	131,964,582
Employers' net pension liability	\$ (21,444,036)	\$ (1,918,891)
Ratio of plan net position to the Employers' total pension liability	90.78%	98.60%

Payables to the Pension Plan

For NYSERS, 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, 2023 through June 30, 2023 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$492,312.

For NYSTRS, 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 deduction and remittance to NYSTRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employee retirement and employer contributions amounted to \$897,066 and \$7,009,060, respectively, as of June 30, 2023. Total accrued NYSTRS contributions as of June 30, 2023 amount to \$7,906,126.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Pension Plans – Other

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. Contributions made by employees for the year ended June 30, 2023, totaled \$3,401,059.

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$123,510.

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

Plan Description and Benefits:

The District’s OPEB plan (the “Plan”) primarily provides post-employment health insurance coverage to retired employees, their spouses and their covered dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program, which is a single-employer defined benefit healthcare plan administered by New York State. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided:

Authorization for the District to pay a portion (86% to 90%) of retiree health insurance premiums was enacted through various contracts, which were ratified by the Board. The District assumes a portion of the premium costs and recognizes the cost of the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments are accrued. For the year ended June 30, 2023, the District contributed an estimated \$7,128,258 to the Plan including \$7,128,258 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 means other than the “pay as you go” method.

Employees Covered by Benefit Terms:

At June 30, 2023, the following employees were covered by the benefit terms:

Actives	833
Retirees	545
Spouses of retirees	170
Surviving spouses	17
Total members	<u>1,565</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Total OPEB Liability:

The District's total OPEB liability of \$282,787,841 was measured as of June 30, 2023 and was determined by an actuarial valuation as of 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:

Inflation	2.40%
Discount rate	3.65%
Salary Scale	2.40%
Healthcare cost trend rates	5.80% for 2022 - 3.80% over 50 years
Retirees' share of benefit-related costs	10% to 14% of projected health insurance premiums

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Trend rates are based on industry surveys.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale with employees rates before commencement and healthy annuitant rates after benefit commencement.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

Changes in total OPEB liability:

Total OPEB liability as of July 1, 2022	<u>\$ 250,757,800</u>
Service cost	9,461,956
Interest	9,086,706
Differences between expected and actual experience	(2,128,659)
Changes of assumptions or other inputs	22,738,296
Benefit payments	<u>(7,128,258)</u>
Total net changes	<u>32,030,041</u>
Total OPEB liability as of June 30, 2023	<u><u>\$ 282,787,841</u></u>

Changes in assumptions or other inputs include the following:

- The inflation rate was changed from 2.6% to 2.4%
- The discount rate was changed from 3.54% to 3.65%.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- Salary scale rate was changed from 2.6% to 2.4%.
- Health care cost trends was changed from 5.3% decreasing to 4.1% over 55 years to 5.8% decreasing to 3.8% over 50 years.
- Mortality table was changed from MP-2019 to MP-2021.

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

The following presents the total OPEB liability of the District, calculated using the discount rate of 3.65%, 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:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ (329,377,909)	\$ (282,787,841)	\$ (245,166,787)

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

The following presents the total OPEB liability of the District, calculated using current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower (4.80%) or 1 percentage point higher (6.80%) than the current healthcare cost trend rate:

	1% Decrease (4.80% Decreasing to 2.80%)	Healthcare Cost Trend Rates (5.80% Decreasing to 3.80%)	1% Increase (6.80% Decreasing to (4.80%)
Total OPEB liability	\$ (238,567,943)	\$ (282,787,841)	\$ (339,345,042)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$455,031. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (48,700,562)
Changes of assumptions or other inputs	51,215,969	(64,776,517)
Total	\$ 51,215,969	\$ (113,477,079)

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
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 Ending June 30,	
2024	\$(18,093,631)
2025	(18,093,627)
2026	(12,983,872)
2027	(15,080,959)
2028	117,374
Thereafter	1,873,605
	\$(62,261,110)

NOTE 17 – RISK MANAGEMENT:

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

The District has established a self-insured plan for risks associated with workers’ compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported (“IBNR”). As of June 30, 2023, the District has recorded potential workers’ compensation claims of \$7,134,202 and has a workers’ compensation reserve balance of \$2,044,294.

	2023	2022
Unpaid claims at beginning of year	\$ 6,369,085	\$ 3,468,401
Incurred claims	3,567,219	5,242,204
Claims payments and adjustments	(2,802,102)	(2,341,520)
Unpaid claims at year end	\$ 7,134,202	\$ 6,369,085

The District has not purchased any annuity contracts.

NOTE 18 - TAX ABATEMENTS:

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The amount of property tax revenue that was reduced as a result of these programs is not available. The District received payment in lieu of taxes (PILOT) payments totaling \$5,284,131.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2023 the District had \$733,599 in encumbrances.

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 lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. Included in accrued liabilities in the general fund and on the statement of net position is \$2,654,814 of estimated legal claims. This includes a \$1,809,814 settlement with the Hempstead Classroom Teachers Association that will be paid the 2023-2024 fiscal year.

D. Debt Default

Upon default of the payment of principal or interest on the bonds and/or bond anticipation notes 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 bonds and/or bond anticipation notes.

NOTE 20 – SUBSEQUENT EVENTS:

Management has evaluated the activity through the date of the auditor report (the date the financial statements were available to be issued) and is reporting the following item in accordance with the above:

The District issued revenue anticipation notes on July 11, 2023, in the amount of \$43,000,000, which will mature on June 28, 2024 bearing a stated interest rate of 5.00%. The District received a premium of \$400,330 with the borrowing to yield an effective interest rate of 3.90%.

The District issued bond anticipation notes on July 11, 2023, in the amount of \$42,660,000, which will mature on July 12, 2024 bearing a stated interest rate of 4.75%. The District received a premium of \$377,551 with the borrowing to yield an effective interest rate of 3.55%.

**HEMPSTEAD 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 Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 75,934,370	\$ 72,077,986	\$ 72,077,986	\$ -
Other real property tax items	4,800,000	8,656,384	9,389,231	732,847
Charges for services	-	30,279	1,550,063	1,519,784
Use of money and property	-	-	1,123,138	1,123,138
Sale of property and compensation for loss	-	-	439,537	439,537
Miscellaneous	1,000,000	1,005,000	4,213,178	3,208,178
Interfund revenues	-	-	258,461	258,461
State Sources				
Basic formula	186,841,009	186,841,009	133,568,483	(53,272,526)
Excess cost aid	-	-	19,454,123	19,454,123
Lottery aid	-	-	26,761,269	26,761,269
BOCES aid	-	-	4,452,857	4,452,857
Textbook aid	-	-	551,220	551,220
Computer hardware/software aid	-	-	354,798	354,798
Library material aid	-	-	7,131	7,131
Other state aid	-	-	2,814,704	2,814,704
Medicaid reimbursement	-	-	276,157	276,157
Federal Sources	-	-	106,796	106,796
TOTAL REVENUES	268,575,379	268,610,658	\$ 277,399,132	\$ 8,788,474
APPROPRIATED FUND BALANCE				
Appropriated Fund Balance	6,134,578	6,134,578		
Prior Year's Encumbrances	96,642	96,642		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	\$ 274,806,599	\$ 274,841,878		

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
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 Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 536,914	\$ 565,129	\$ 449,499	\$ -	\$ 115,630
Central administration	465,895	465,895	451,348	-	14,547
Finance	2,242,114	2,242,114	2,161,181	336	80,597
Staff	2,753,323	2,753,323	2,006,876	3,445	743,002
Central services	17,364,276	17,364,276	16,134,963	234,868	994,445
Special items	3,101,329	3,101,329	2,374,325	-	727,004
Instruction					
Instruction, administration & improvement	7,384,674	7,382,549	6,182,635	4,353	1,195,561
Teaching - regular school	117,131,899	117,028,911	110,765,701	67,447	6,195,763
Programs for children with disabilities	46,462,864	46,462,864	47,058,902	231,712	(827,750)
Occupational education	1,711,378	1,711,378	853,974	-	857,404
Teaching - special schools	302,500	332,773	1,426,672	8,201	(1,102,100)
Instructional media	3,722,377	3,747,465	2,543,602	173,933	1,029,930
Pupil services	9,278,341	9,362,072	9,317,278	8,806	35,988
Pupil transportation	9,496,809	9,469,894	9,807,033	-	(337,139)
Community services	7,200	7,200	7,700	-	(500)
Employee benefits	45,292,230	45,292,230	41,293,565	498	3,998,167
Debt service					
Debt service principal	4,623,564	4,623,564	4,846,641	-	(223,077)
Debt service interest	1,978,912	1,978,912	2,392,454	-	(413,542)
	<u>273,856,599</u>	<u>273,891,878</u>	<u>260,074,349</u>	<u>733,599</u>	<u>13,083,930</u>
OTHER FINANCING USES					
Transfers to other funds	950,000	950,000	728,504	-	221,496
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 274,806,599</u>	<u>\$ 274,841,878</u>	<u>260,802,853</u>	<u>\$ 733,599</u>	<u>\$ 13,305,426</u>
Net change in fund balance			16,596,279		
Fund balance - beginning			<u>28,169,960</u>		
Fund balance - ending			<u>\$ 44,766,239</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.

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

Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 9,461,956	\$ 14,006,131	\$ 13,057,796	\$ 12,555,432	\$ 16,010,987	\$ 14,174,143
Interest	9,086,706	6,701,333	7,890,731	9,942,353	10,304,165	9,734,694
Differences between expected and actual experience	(2,128,659)	-	(80,039,800)	-	(4,802,361)	(748,628)
Changes of assumptions or other inputs	22,738,296	(63,111,204)	17,280,628	56,241,034	(71,020,190)	-
Benefit payments	<u>(7,128,258)</u>	<u>(6,125,687)</u>	<u>(5,750,603)</u>	<u>(6,746,258)</u>	<u>(6,150,300)</u>	<u>(5,881,053)</u>
Net change in total OPEB liability	32,030,041	(48,529,427)	(47,561,248)	71,992,561	(55,657,699)	17,279,156
Total OPEB liability - beginning	<u>250,757,800</u>	<u>299,287,227</u>	<u>346,848,475</u>	<u>274,855,914</u>	<u>330,513,613</u>	<u>313,234,457</u>
Total OPEB liability - ending	<u>\$ 282,787,841</u>	<u>\$ 250,757,800</u>	<u>\$ 299,287,227</u>	<u>\$ 346,848,475</u>	<u>\$ 274,855,914</u>	<u>\$ 330,513,613</u>
District's covered payroll	\$ 68,993,333	\$ 68,613,822	\$ 68,613,822	\$ 73,553,958	\$ 73,553,958	\$ 78,158,695
Contributions as a percentage of covered payroll	409.88%	365.46%	436.19%	471.56%	373.68%	422.88%

Notes to Schedule:

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Districts should present information for those years for which information is available.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION asset/(liability)
FOR THE FISCAL YEARS ENDED JUNE 30,*
(Dollar amounts in thousands)

NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.03773%	0.03758%	0.03986%	0.04612%	0.04656%	0.04504%	0.04827%	0.04547%	0.04676%
District's proportionate share of the net pension asset/(liability)	\$ (8,090)	\$ 3,072	\$ (40)	\$ (12,213)	\$ (3,299)	\$ (1,486)	\$ (4,536)	\$ (7,298)	\$ (1,580)
District's covered payroll	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	52.70%	21.61%	0.30%	79.80%	21.00%	10.25%	32.22%	51.39%	11.08%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.36302%	0.35711%	0.38370%	0.40826%	0.40363%	0.39345%	0.40480%	0.43395%	0.44572%
District's proportionate share of the net pension asset/(liability)	\$ (6,966)	\$ 61,884	\$ (10,603)	\$ 10,607	\$ 7,299	\$ 2,991	\$ (4,336)	\$ 45,073	\$ 49,650
District's covered payroll	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.20%	95.75%	16.95%	15.77%	10.67%	4.53%	6.89%	70.50%	70.98%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

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

** Notes to Required Supplementary Information

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Districts should present information for those years for which information is available.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)**

NYSERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,480	\$ 2,136	\$ 1,929	\$ 2,106	\$ 2,072	\$ 2,085	\$ 2,132	\$ 2,222	\$ 2,484	\$ 2,599
Contributions in relation to the contractually required contribution	1,480	2,136	1,929	2,106	2,072	2,085	2,132	2,222	2,484	2,599
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264	\$ 13,995
Contributions as a percentage of covered payroll	9.64%	15.02%	14.30%	13.76%	13.19%	14.38%	15.14%	15.65%	17.41%	18.57%

NYTRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 7,009	\$ 6,302	\$ 5,759	\$ 5,758	\$ 7,237	\$ 6,443	\$ 7,307	\$ 8,303	\$ 11,796	\$ 11,068
Contributions in relation to the contractually required contribution	7,009	6,302	5,759	5,758	7,237	6,443	7,307	8,303	11,796	11,068
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950	\$ 68,032
Contributions as a percentage of covered payroll	10.26%	9.75%	9.21%	8.56%	10.58%	9.76%	11.60%	12.99%	16.86%	16.27%

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 274,709,957
Add: Prior year's encumbrances		96,642
Original Budget		274,806,599
Budget Revision:		
Adult education fees	\$ 30,279	
Donations	5,000	35,279
Final Budget		\$ 274,841,878

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter-approved expenditure budget		\$ 299,399,867
Maximum allowed (4% of 2023-24 budget)		\$ 11,975,995
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 6,545,658	
Unassigned fund balance	11,975,995	18,521,653
Total unrestricted fund balance		
Less:		
Appropriated fund balance	5,812,059	
Encumbrances included in assigned fund balance	733,599	6,545,658
Total adjustments		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$ 11,975,995
Actual percentage of 2023-24 budget		4.00%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unassigned fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Project Number	Budget		Expenditures and Transfers			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
		June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Projects Funded by Appropriations												
District-wide improvements	00-9000	\$ 1,500,000	\$ 809,220	\$ 11,413	\$ (11,413)	\$ -	\$ 809,220	\$ -	\$ -	\$ 809,220	\$ 809,220	\$ 809,220
2018-2019		1,535,490	1,993,277	1,993,277	-	1,993,277	-	-	-	1,993,277	1,993,277	-
Projects Funded by Appropriations		3,035,490	2,802,497	2,004,690	(11,413)	1,993,277	809,220	-	-	2,802,497	2,802,497	809,220
EPC - 2022 - 23												
Hempstead Middle School	01-0027	-	3,932,003	-	2,236,678	2,236,678	1,695,325	3,932,003	-	-	3,932,003	1,695,325
McNeil	02-0016	-	915,360	-	541,213	541,213	374,147	915,360	-	-	915,360	374,147
Paterson	03-0017	-	81,033	-	65,722	65,722	15,311	81,033	-	-	81,033	15,311
Jackson Main Elementary	04-0015	-	169,687	-	142,000	142,000	27,687	169,687	-	-	169,687	27,687
Jackson Annex	05-0012	-	42,094	-	26,309	26,309	15,785	42,094	-	-	42,094	15,785
Obama	06-0017	-	852,407	-	521,294	521,294	331,113	852,407	-	-	852,407	331,113
Marshall School	07-0015	-	107,763	-	87,070	87,070	20,693	107,763	-	-	107,763	20,693
Hempstead High School	20-0029	-	4,650,667	-	3,617,086	3,617,086	1,033,581	4,650,667	-	-	4,650,667	1,033,581
EPC		-	10,751,014	-	7,237,372	7,237,372	3,513,642	10,751,014	-	-	10,751,014	3,513,642
Bond issue - 2021 - 22												
Hempstead High School	11-6001	-	270,000	-	9,702	9,702	260,298	270,000	-	-	270,000	260,298
Hempstead High School	20-0031	-	6,698,000	-	2,392,682	2,392,682	4,305,318	6,698,000	-	-	6,698,000	4,305,318
Hempstead Middle School	01-0028	-	3,073,885	-	920,598	920,598	2,153,287	3,073,885	-	-	3,073,885	2,153,287
Hempstead Middle School	01-0029	-	76,917	-	112,537	112,537	(35,620)	76,917	-	-	76,917	(35,620)
Hempstead High School	20-0030	-	9,780,638	-	2,579,151	2,579,151	7,201,487	9,780,638	-	-	9,780,638	7,201,487
Hempstead High School	02-0030	-	112,896	-	120,028	120,028	(7,132)	112,896	-	-	112,896	(7,132)
McNeil	02-0018	-	7,250	-	-	-	7,250	7,250	-	-	7,250	7,250
Paterson	03-0019	-	6,750	-	-	-	6,750	6,750	-	-	6,750	6,750
Paterson	03-0018	-	2,067,501	-	565	565	2,066,936	2,067,501	-	-	2,067,501	2,066,936
Obama	06-0018	-	1,055,280	-	48,414	48,414	1,006,866	1,055,280	-	-	1,055,280	1,006,866
Jackson Main Elementary	04-0017	-	883,750	-	45,851	45,851	837,899	883,750	-	-	883,750	837,899
Portable Removal	83-0002	-	61,790	-	4,726	4,726	57,064	61,790	-	-	61,790	57,064
Portable Removal	60-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Portable Removal	81-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Portable Removal	82-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Total Bond 2021-22		-	24,465,412	-	6,248,435	6,248,435	18,216,977	24,465,412	-	-	24,465,412	18,216,977
Bond issue - 2018 - 19												
Rhodes/New Building	09-0009	3,328,550	3,328,550	3,263,123	37,777	3,300,900	27,650	3,328,550	-	-	3,328,550	27,650
Rhodes/New Building	92-0001	41,626,552	41,626,552	38,793,089	975,323	39,768,412	1,858,140	38,627,440	2,116,293	882,819	41,626,552	1,858,140
JA - Portables	13-0001	134,370	134,370	44,604	7,717	52,321	82,049	134,370	-	-	134,370	82,049
JA - Portables	15-0002	212,752	212,752	52,578	-	52,578	160,174	212,752	-	-	212,752	160,174
JA - Portables	17-0004	134,370	134,370	39,952	17,043	56,995	77,375	134,370	-	-	134,370	77,375
JA - Portables	51-0002	106,376	106,376	66,562	16,188	82,750	23,626	106,376	-	-	106,376	23,626
JA - Portables	52-0002	106,376	106,376	33,815	11,136	44,951	61,425	106,376	-	-	106,376	61,425
JMc- Portables	57-0002	134,370	134,370	41,111	17,588	58,699	75,671	134,370	-	-	134,370	75,671
JA - Portables	78-0003	212,752	212,752	68,949	20,133	89,082	123,670	212,752	-	-	212,752	123,670
JMc- Portables	84-0002	134,370	134,370	4,414	-	4,414	129,956	134,370	-	-	134,370	129,956
JM - Portables	86-0002	134,370	134,370	3,628	-	3,628	130,742	134,370	-	-	134,370	130,742
JM - Portables	87-0002	134,370	134,370	3,628	-	3,628	130,742	134,370	-	-	134,370	130,742
Rhodes/New Building		46,399,578	46,399,578	42,415,453	1,102,905	43,518,358	2,881,220	43,400,466	2,116,293	882,819	46,399,578	2,881,220

See Paragraph on Other Information Included in Auditor's Report

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital assets, net	\$ 99,655,930	
Right to use assets, net	<u>63,860</u>	\$ 99,719,790
 Deduct:		
Bond anticipation notes payable	\$ 68,425,000	
Short-term portion of bonds payable	1,710,000	
Long-term portion of bonds payable	5,440,000	
Short-term portion of leases payable	71,858	
Less: Unspent debt proceeds	<u>(22,171,849)</u>	<u>53,475,009</u>
 Net investment in capital assets		 <u><u>\$ 46,180,921</u></u>

See Paragraph on Other Information Included in Auditor's Report