

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2025

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, 2025, 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, 2025, 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 15, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 15, 2025

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

The following is a discussion and analysis of the Hempstead Union Free School District’s (the “District”) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide 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 2025 are as follows:

- The District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective July 1, 2024, as a result long-term compensated absences liability was restated from \$7,072,781 to \$8,999,704, and net position (deficit) was restated from \$(221,767,229) to \$(223,691,152). See note 20 for further information.
- On the District-wide financial statements, the District’s total net deficit decreased by \$37,539,558, or 16.78% to a net deficit of \$(186,151,594). 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 \$16,731,941, or 4.84%. The increase was attributed to increases in State sources, and use of money and property offset by decreases in operating grants and contributions, and other revenues.
- On the District-wide financial statements, expenses increased by \$7,781,748, or 2.46%, primarily due to increases in instruction and debt service-interest.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$27,922,478. This increase was due to revenues and other financing sources exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. For the fiscal year ended, June 30, 2025, the District general fund unassigned fund balance exceeds the legal limit. The District has developed a plan to comply with the legal limit by June 30, 2026.
- On May 20, 2025, the proposed 2025-2026 budget in the amount of \$358,832,905 was authorized by the District’s residents. The budget passed by 72.70% of those who voted.

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.

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-wide statements.
- The *governmental fund 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

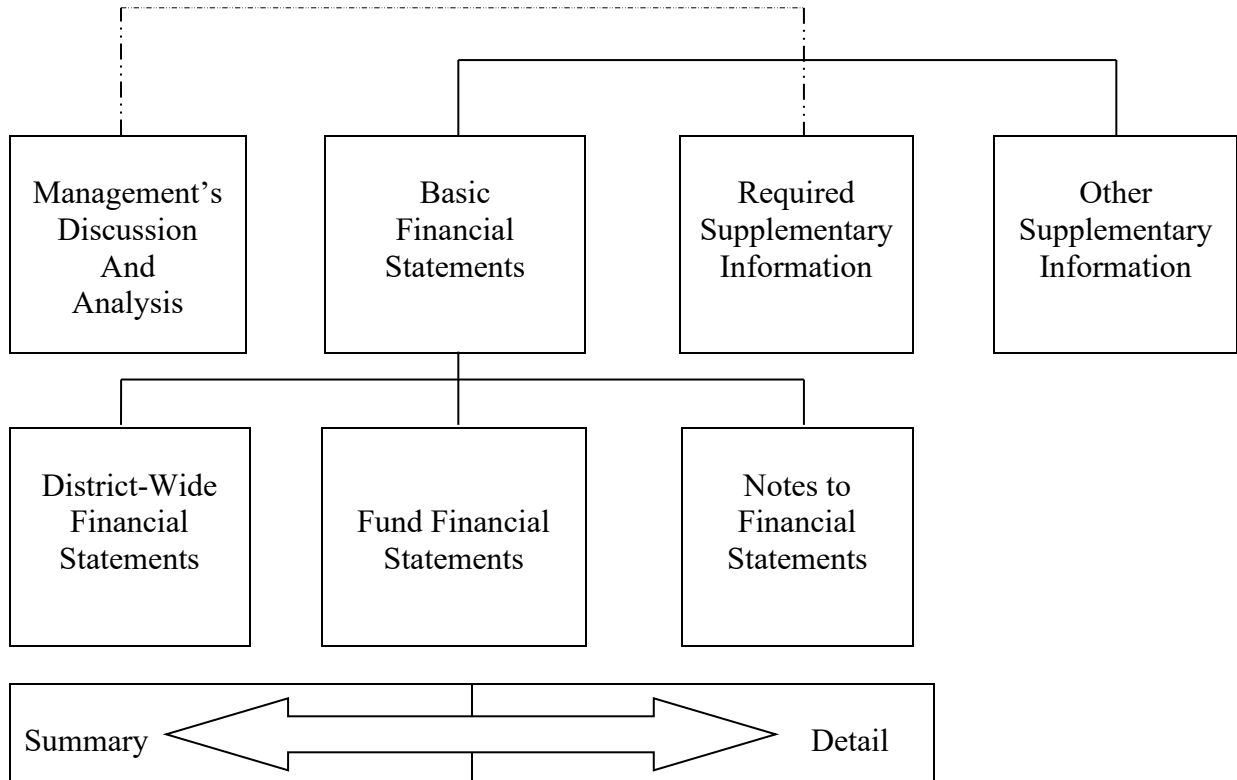


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and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

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

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, 2025**

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* consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

- *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, and capital projects 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 \$37,539,558 between fiscal year 2025 and 2024, as detailed in Table A-3.

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

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

	Fiscal Year 2025	Fiscal Year 2024	Increase / (Decrease)	Percentage Change
Current and other assets	\$ 161,881,784	\$ 124,122,340	\$ 37,759,444	30.42%
Capital assets, net of accumulated depreciation	120,073,052	116,559,715	3,513,337	3.01%
Net pension asset - proportionate share	11,298,248	-	11,298,248	100.00%
Total Assets	293,253,084	240,682,055	52,571,029	21.84%
Deferred outflows of resources	62,603,968	72,368,395	(9,764,427)	(13.49%)
Total Assets and Deferred Outflows of Resources	<u>\$ 355,857,052</u>	<u>\$ 313,050,450</u>	<u>\$ 42,806,602</u>	13.67%
Current liabilities	\$ 84,671,008	70,665,162	14,005,846	19.82%
Long-term liabilities*	70,538,599	74,123,802	(3,585,203)	(4.84%)
Net pension liabilities - proportionate share	7,491,939	10,479,410	(2,987,471)	(28.51%)
Total other post-employment benefits obligation	266,076,054	284,558,163	(18,482,109)	(6.50%)
Total Liabilities	428,777,600	439,826,537	(11,048,937)	(2.51%)
Deferred inflows of resources	113,231,046	96,915,065	16,315,981	16.84%
Total Liabilities and Deferred Inflows of Resources	542,008,646	536,741,602	5,267,044	0.98%
Net investment in capital assets	40,464,562	37,787,214	2,677,348	7.09%
Restricted	66,735,244	44,462,739	22,272,505	50.09%
Unrestricted (deficit)*	<u>(293,351,400)</u>	<u>(305,941,105)</u>	<u>12,589,705</u>	4.12%
Total Net Position (deficit)*	<u>(186,151,594)</u>	<u>(223,691,152)</u>	<u>37,539,558</u>	16.78%
Total Liabilities, Deferred Inflows of Resources and Net Position (deficit)	<u>\$ 355,857,052</u>	<u>\$ 313,050,450</u>	<u>\$ 42,806,602</u>	13.67%

* - As restated for the implementation of GASB Statement No. 101, see note 20 for further details.

Current and other assets increased by \$37,759,444 as compared to the prior year. This was primarily due to increases in unrestricted cash and restricted cash, offset by a decrease State and Federal aid receivable.

Capital assets, net increased by \$3,513,337, as compared to the prior year. This increase is the result of current year asset acquisitions in excess of depreciation expense. See accompanying Notes to Financial Statements, Note 10, "Capital Assets" for additional information.

Net pension asset - proportionate share for the New York State Teachers' Retirement System ("NYSTRS") resulted in a net pension asset in the current year as a result of the actuarial valuation provided by the State. See accompanying Notes to Financial Statements, Note 14 "Pension Plans" for additional information.

Deferred outflows of resources decreased by \$9,764,427. 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 14 "Pension Plans" and Note 15 "Other Post-employment Benefits Other than Pensions" for additional information.

Current liabilities increased by \$14,005,846, as compared to the prior year. This increase was primarily due to increases in bond anticipation note payable and reserve for excess tax levy offset by decreases in accounts payable and due to other governments.

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

Long-term liabilities decreased by \$3,585,203, as compared to the prior year. This decrease was primarily due to principal payments for bonds payable, energy performance contract debt, and a decrease in compensated absences payable.

Net pension liability - proportionate share decreased by \$2,987,471. This decrease is due to fluctuations in the actuarially determined net pension liability of the New York State Employees' Retirement System ("NYSERS") and NYSTRS. This was the result from 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 14 "Pension Plans" for additional information.

The District's OPEB obligation decreased over the prior year by \$18,842,109. This was the result from several factors including changes in assumptions or other inputs and the District's benefit payments offset service cost, interest, changes of benefit terms, and differences between expected and actual experience. See accompanying Notes to Financial Statements, Note 15 "Other Post-employment Benefits Other than Pensions" for additional information.

Deferred inflows of resources increased by \$16,315,981 due to increases 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 14 "Pension Plans" and Note 15 "Other Postemployment Benefits 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 and building improvements, furniture and equipment and site improvements, net of depreciation and related debt. This number increased from the prior year by \$2,677,348 due to capital asset additions and principal payments on related debt in excess of depreciation.

The restricted amount of \$66,735,244 relates to the District's restricted reserves and pension plan - NYSTRS. This balance increased over the prior year by \$22,272,505. During the current year, the Board of Education approved transfers to the retirement contribution reserve - NYTRS of \$1,300,000, and the Capital Reserve of \$8,000,000. 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 \$(293,351,400) relates to the balance of the District's net position (deficit). The unrestricted net position (deficit) decreased from the prior year by \$12,589,705. Net position (deficit) overall decreased by \$37,539,558.

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

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, 2025 and 2024 are as follows:

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

	2025	2024	Increase / (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 641,720	\$ 1,197,838	\$ (556,118)	(46.43%)
Operating grants and contributions	27,613,758	35,994,223	(8,380,465)	(23.28%)
Capital grants	1,299,032	869,013	430,019	49.48%
General Revenues				
Property taxes and other tax items	80,371,294	81,352,579	(981,285)	(1.21%)
State sources	243,527,451	216,822,034	26,705,417	12.32%
Use of money and property	5,480,563	3,952,088	1,528,475	38.68%
Other	3,148,713	5,162,815	(2,014,102)	(39.01%)
Total Revenues	<u>362,082,531</u>	<u>345,350,590</u>	<u>16,731,941</u>	4.84%
Expenses				
General support	33,035,946	33,357,933	(321,987)	(0.97%)
Instruction	269,122,707	262,405,780	6,716,927	2.56%
Pupil transportation	10,879,790	10,804,157	75,633	0.70%
Community services	8,802	28,654	(19,852)	(69.28%)
Food service program	4,507,515	4,348,048	159,467	3.67%
Debt service - interest	6,988,213	5,816,653	1,171,560	20.14%
Total Expenses	<u>324,542,973</u>	<u>316,761,225</u>	<u>7,781,748</u>	2.46%
Total Change in Net Position	<u>\$ 37,539,558</u>	<u>\$ 28,589,365</u>	<u>\$ 8,950,193</u>	31.31%

The effect of the implementation of GASB Statement No. 101, *Compensated Absences*, could not be determined for the fiscal year 2024. Therefore, fiscal year 2024 figures are not restated.

The District's total fiscal year 2025 revenues were \$362,082,531 (See Table A-4). Property taxes and other tax items, and State sources accounted for 22.20% and 67.26% of the total revenues, respectively (See Table A-5). The remainder came from fees charged for services, operating grants and contributions, capital grants, use of money and property and other miscellaneous sources.

The District's revenues increased by \$16,731,941, or 4.84%, which is primarily attributable to increases in State sources, and use of money and property offset by decreases in operating grants and contributions, and other revenues. State sources increased by \$26,705,417 primarily as a result of an increase in general aid, excess cost aid, lottery aid, and BOCES aid.

The total cost of all programs and services totals \$324,542,973 for fiscal year 2025. These expenses are predominantly related to instruction expenses and caring for (pupil services) and transporting students, which account for 86.27% of District expenses (See Table A-6). The District's general support activities accounted for 10.17% of total costs.

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

The District’s expenses for the year increased by \$7,781,748, or 2.46%, which is primarily attributable to increases in instruction of \$6,716,927 or 2.56%, and debt service-interest of \$1,171,560 or 20.14%. These increases are primarily attributable to the increases in teaching-regular school, programs for children with disabilities, and pupil services offset by occupational education and instructional media and increases in interest rate on borrowings.

Table A-5 - Revenues for Fiscal Year 2025 (see Table A-4):

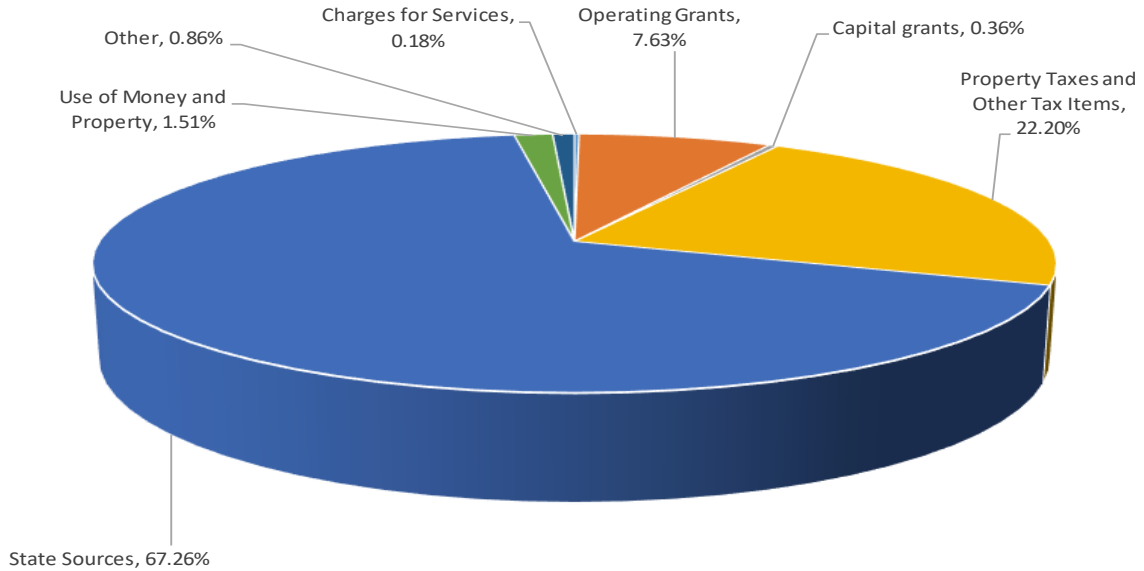
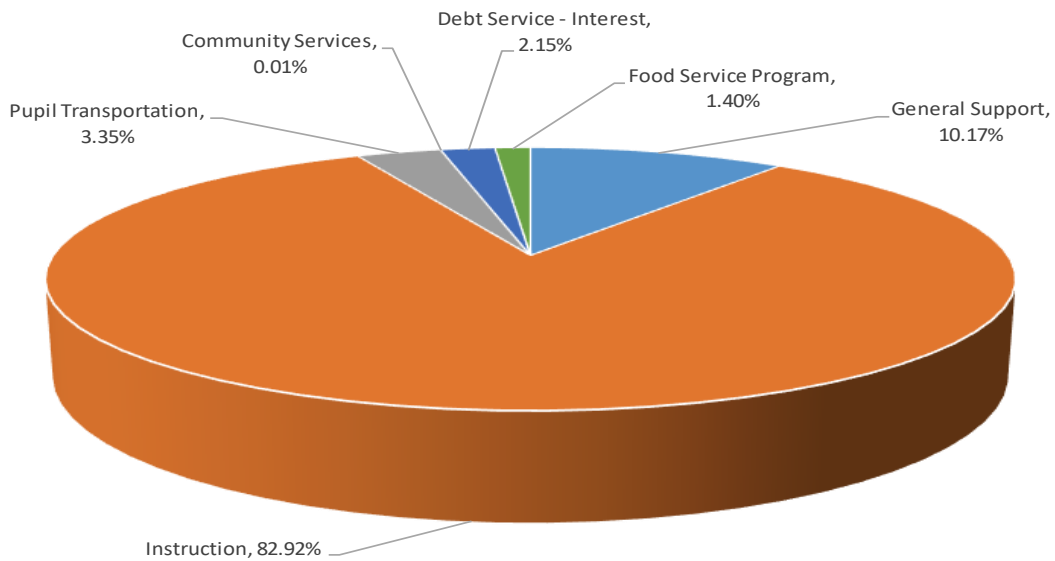


Table A-6 - Expenses for Fiscal Year 2025 (see Table A-4):



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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the Governmental Fund Financial Statements are not the same as variations 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, 2025, the District's governmental funds reported a combined fund balance of \$78,788,306, which is an increase of \$24,192,726 over the prior year. This increase is primarily attributed to increases in fund balance in the general fund, and school food 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, 2025**

	2025	2024	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$ 11,301,101	\$ 10,868,316	\$ 432,785	3.98%
Restricted for retirement contribution -NYSERS	7,687,802	7,393,391	294,411	3.98%
Restricted for retirement compensation -NYSTRS	5,701,989	4,233,411	1,468,578	34.69%
Restricted for employee benefit accrued liability	8,192,505	7,878,766	313,739	3.98%
Restricted for unemployment insurance	1,277,593	1,228,666	48,927	3.98%
Restricted for insurance	473,128	455,010	18,118	3.98%
Restricted for capital reserve	19,215,977	10,786,452	8,429,525	78.15%
Assigned - appropriated for: subsequent year's expenditures	10,420,584	5,812,059	4,608,525	79.29%
Assigned - unappropriated for:				
General support	269,055	599,207	(330,152)	(55.10%)
Instruction	63,102	60,536	2,566	4.24%
Employee benefits	-	20,443	(20,443)	(100.00%)
Unassigned fund balance	<u>30,824,863</u>	<u>18,168,964</u>	<u>12,655,899</u>	69.66%
Total Fund Balance - General Fund	<u>95,427,699</u>	<u>67,505,221</u>	<u>27,922,478</u>	41.36%
School Food Service Fund				
Nonspendable - inventory	20,751	2,046	18,705	914.22%
Assigned	<u>1,283,895</u>	<u>448,092</u>	<u>835,803</u>	186.52%
Total Fund Balance - School Food Service Fund	<u>1,304,646</u>	<u>450,138</u>	<u>854,508</u>	189.83%
Special Revenue Fund				
Restricted for Scholarships	20,972	19,022	1,950	10.25%
Restricted for Extraclassroom and other Student Activities	<u>65,929</u>	<u>99,705</u>	<u>(33,776)</u>	(33.88%)
Total Fund Balance - Special Revenue Fund	<u>86,901</u>	<u>118,727</u>	<u>(31,826)</u>	(26.81%)
Capital Projects Fund				
Restricted	1,500,000	1,500,000	-	100.00%
Unassigned	<u>(19,530,940)</u>	<u>(14,978,506)</u>	<u>(4,552,434)</u>	(30.39%)
Total Fund Balance - Capital Projects Fund	<u>(18,030,940)</u>	<u>(13,478,506)</u>	<u>(4,552,434)</u>	(33.78%)
Total Fund Balance - all funds	<u>\$ 78,788,306</u>	<u>\$ 54,595,580</u>	<u>\$ 24,192,726</u>	44.31%

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

A. General Fund

The general fund – fund balance increased by \$27,922,478 during the year as compared to an increase of \$22,738,982 in the prior year. Actual operating revenues increased by \$24,913,787, mainly due to increases in use of money and property of \$1,532,302, and State sources of \$26,677,584 offset by decreases in other real property tax items of \$1,637,114, and miscellaneous revenues of \$1,975,882. Actual operating expenditures increased \$22,282,085, mainly due to increases in general support of \$2,141,672, instruction of \$18,376,946, employee benefits of \$1,153,655, debt service-interest of \$1,696,813 offset by a decrease debt service-principal of \$1,062,436. The general fund transferred \$736,488 and \$450,000 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 \$854,508 during the year as compared to an increase of \$355,619 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 expenditures exceeding revenues.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$4,552,434, which is primarily due to capital outlay in excess of operating revenues, BANs redeemed from appropriations, operating transfers from the general fund.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Adopted Budget

The District’s general fund original budget for the year ended June 30, 2025 was \$328,622,204. This amount was increased by encumbrances carried forward from the prior year in the amount of \$680,186 and budget revisions of \$1,300, which resulted in a final budget of \$329,303,690. 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 \$235,065,775.

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, 2025**

Opening, unassigned fund balance	\$ 18,168,964
Revenues and other financing sources over budget	15,423,158
Expenditures and other financing uses and encumbrances under budget	22,719,408
Unused appropriated reserves	(4,060,000)
Transfers to reserves	(9,300,000)
Allocation of interest to reserves	(1,706,083)
Assigned, appropriated for June 30, 2026 budget	(10,420,584)
Closing, unassigned fund balance	\$ 30,824,863

Opening, Unassigned Fund Balance

The \$18,168,964 shown in the table is the portion of the District’s June 30, 2024 fund balance that was retained as unassigned. This amount is 5.53% of the 2024-2025 adopted budget and exceeds the statutory maximum of 4.00% established by New York State Real Property Tax Law.

Revenues and Other Financing Sources Over Budget

The revenues and other financing sources over budget of \$15,423,158 were primarily attributable to charges for services, use of money and property, State sources, and Federal sources. (See Supplemental Schedule 1 for details).

Expenditures and Other Financing Uses and Encumbrances Under Budget

The expenditures and other financing uses and encumbrances under budget of \$22,719,408 were primarily in central services, instruction, administration and improvement, teaching – regular school, instructional media, employee benefits, and debt service principal, offset by programs for children with disabilities, and debt service interest. (See Supplemental Schedule 1 for details).

Unused Appropriated Reserves

The District budgeted \$4,060,000 of use of reserves in the current year of which \$4,060,000 was not needed and was returned to the reserves, resulting in a decrease in unassigned fund balance of \$4,060,000.

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 \$1,300,000 to the retirement contribution reserve-teachers’ retirement system, and \$8,000,000 to the capital reserve.

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.

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

Workers' compensation	\$ 432,785
Retirement contribution - NYS employees' retirement system	294,411
Retirement contribution - NYS teachers' retirement system	168,578
Employee benefit accrued liability	313,739
Unemployment insurance	48,927
Insurance	18,118
Capital	<u>429,525</u>
Total interest allocation	<u>\$ 1,706,083</u>

Assigned Appropriated Fund Balance

The District has chosen to use \$10,420,584 of its available June 30, 2025 fund balance to partially fund its 2025-2026 voter approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summarized changes shown in the previous table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of \$30,824,863. This is an increase of \$12,655,899 in unassigned fund balance from the prior year. This amount is 8.59% of the 2025-2026 adopted budget and exceeds the statutory maximum of 4.00% 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 2025. A summary of the District's capital assets net of depreciation are as follows:

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

Category	2025	2024	Increase (Decrease)	Percentage Change
Land	\$ 1,695,948	\$ 1,695,948	\$ -	0.00%
Construction in progress	25,918,320	33,330,407	(7,412,087)	(22.24%)
Buildings and building improvements	142,525,624	131,774,613	10,751,011	8.16%
Furniture and equipment	9,421,692	5,591,933	3,829,759	68.49%
Site improvements	<u>2,324,180</u>	<u>2,324,180</u>	-	0.00%
Subtotal	181,885,764	174,717,081	7,168,683	4.10%
Less accumulated depreciation	<u>61,812,712</u>	<u>58,157,366</u>	<u>3,655,346</u>	6.29%
Total	<u>\$ 120,073,052</u>	<u>\$ 116,559,715</u>	<u>\$ 3,513,337</u>	3.01%

The District spent \$6,701,466 from the capital projects fund on building improvements and purchases of furniture and equipment, and \$445,511, and \$21,706 from the general fund and school food service fund, respectively, on furniture and equipment purchases during the year.

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

B. Debt Administration

At June 30, 2025, the District had total bonds payable, including premium of \$45,574,531 and energy performance contract debt of \$9,806,538. Principal payments were made in the amount of \$1,590,000 for serial bonds, and \$634,448 for energy performance contract debt. See Note 13 for more detailed information about the District’s long-term debt.

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

	2025	2024	Increase/ (Decrease)
Serial bonds, including premium	\$ 45,574,531	\$ 47,265,781	\$ (1,691,250)
Energy performance contract debt	9,806,538	10,440,986	(634,448)
Total Debt	\$ 55,381,069	\$ 57,706,767	\$ (2,325,698)

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 20, 2025, the proposed 2025-2026 budget in the amount of \$358,832,905 was authorized by the District’s residents. The budget passed by 72.70% of those who voted. This is an increase of \$30,210,701, or 9.19% over the previous year’s budget. The increase was primarily due to increases in instruction and transportation 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, 2025, the District has issued \$39,400,000 of bonds, received a bond premium of \$2,430,000 utilized to provide permanent financing for the related projects, \$2,116,293 of funding was provided by State sources and \$2,477,819 from the general fund. Unissued bonds at June 30, 2025 are \$420,000.
- C. 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 and 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. As of June 30, 2025, the District provided \$400,000 of funding from local sources. The District has not issued any bonds related to these projects.
- D. On May 21, 2024, the voters authorized the issuance of bonds not to exceed \$72,218,215 and use of the capital reserve not to exceed \$1,362,000 for improvements to the district’s infrastructure, including health and safety improvements. Additionally, the voters authorized the issuance of bonds not to exceed \$7,350,000 and use of the capital reserve not to exceed \$138,000 for indoor air quality improvement and installation of classroom air conditioners for six schools. As of June 30, 2025, the District has not issued any bonds related to these projects.
- E. 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).

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

- F. The District issued revenue anticipation notes on July 9, 2025, in the amount of \$29,000,000, which will mature on June 30, 2026 bearing a stated interest rate of 4.0%. The District received a premium of \$217,500 with the borrowing to yield an effective interest rate of 3.23%.
- G. The District issued bond anticipation notes on July 9, 2025, in the amount of \$68,660,400, which will mature on July 9, 2026 bearing a stated interest rate of 4.0%. The District received a premium of \$563,702 with the borrowing to yield an effective interest rate of 3.18%.

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, 2025

ASSETS	
Current assets	
Cash	
Unrestricted	\$ 68,020,643
Restricted	59,444,935
Receivables	
Taxes receivable	3,314,170
State and federal aid	29,618,483
Due from other governments	659,125
Accounts receivable	803,677
Inventories	20,751
Non-current assets	
Capital assets	
Capital assets not being depreciated	27,614,268
Capital assets being depreciated, net of accumulated depreciation	92,458,784
Net pension asset - proportionate share NYSTRS	11,298,248
TOTAL ASSETS	293,253,084
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - NYSERS	4,501,710
Deferred outflows of resources - NYSTRS	26,850,831
Total other post-employment benefit obligation	31,251,427
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 355,857,052
LIABILITIES	
Payables	
Accounts payable	\$ 16,434,946
Accrued liabilities	1,662,226
Accrued interest payable	2,512,960
Bond anticipation note payable	51,600,000
Due to other governments	400,865
Due to teachers' retirement system	8,267,884
Due to employees' retirement system	786,283
Compensated absences payable	543,032
Reserve for excess tax levy	1,401,526
Unearned credits	
Collections in advance	1,061,286
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	2,041,250
Energy performance contract debt	654,136
Compensated absences payable	1,000,000
Total other post-employment benefits obligation	9,350,265
Due and payable after one year	
Bonds payable, net	43,533,281
Energy performance contract debt	9,152,402
Compensated absences payable	6,884,798
Termination benefits payable	344,500
Workers' compensation claims payable	6,928,232
Net pension liability - proportionate share NYSERS	7,491,939
Total other post-employment benefits obligation	256,725,789
TOTAL LIABILITIES	428,777,600
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - NYSERS	131,012
Deferred inflows of resources - NYSTRS	14,520,913
Total other post-employment benefits obligation	98,579,121
TOTAL DEFERRED INFLOWS OF RESOURCES	113,231,046
NET POSITION	
Net investment in capital assets	40,464,562
Restricted	
Workers' compensation	11,301,101
Retirement contribution - NYS employees' retirement system	7,687,802
Retirement contribution - NYS teachers' retirement system	5,701,989
Employee benefit accrued liability	8,192,505
Unemployment insurance	1,277,593
Insurance	473,128
Capital projects	20,715,977
Scholarships	20,972
Extraclassroom and other student activities	65,929
Pension plan - TRS	11,298,248
	<u>66,735,244</u>
Unrestricted (deficit)	(293,351,400)
TOTAL NET POSITION (DEFICIT)	(186,151,594)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ 355,857,052

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (33,035,946)	\$ -	\$ 247,151	\$ -	\$ (32,788,795)
Instruction	(269,122,707)	583,150	22,131,290	1,299,032	(245,109,235)
Pupil transportation	(10,879,790)	-	-	-	(10,879,790)
Community services	(8,802)	-	-	-	(8,802)
Food service program	(4,507,515)	58,570	5,235,317	-	786,372
Debt service - interest	(6,988,213)	-	-	-	(6,988,213)
TOTAL FUNCTIONS AND PROGRAMS	\$ (324,542,973)	\$ 641,720	\$ 27,613,758	\$ 1,299,032	(294,988,463)
 GENERAL REVENUES					
Real property taxes					73,087,162
Other tax items - including STAR reimbursement					7,284,132
Use of money and property					5,480,563
Sale of property and compensation for loss					529,696
Miscellaneous					2,395,594
State sources					243,527,451
Medicaid reimbursement					223,423
TOTAL GENERAL REVENUES					332,528,021
 CHANGE IN NET POSITION					37,539,558
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY STATED					(221,767,229)
CHANGE IN ACCOUNTING PRINCIPLE (NOTE 20)					(1,923,923)
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED					(223,691,152)
 TOTAL NET POSITION (DEFICIT) - END OF YEAR					\$ (186,151,594)

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

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 67,125,153	\$ 314,562	\$ 580,928	\$ -	\$ -	\$ 68,020,643
Restricted	53,850,095	-	-	80,245	5,514,595	59,444,935
Receivables						
Taxes receivable	3,314,170	-	-	-	-	3,314,170
State and federal aid	10,746,270	14,964,572	875,925	-	3,031,716	29,618,483
Due from other governments	659,125	-	-	-	-	659,125
Accounts receivable	791,103	12,574	-	-	-	803,677
Due from governmental funds	12,345,429	-	123	9,781	25,340,523	37,695,856
Inventories	-	-	20,751	-	-	20,751
TOTAL ASSETS	\$ 148,831,345	\$ 15,291,708	\$ 1,477,727	\$ 90,026	\$ 33,886,834	\$ 199,577,640
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE						
Payables						
Accounts payable	\$ 14,064,908	\$ 1,876,915	\$ 172,224	\$ 3,125	\$ 317,774	\$ 16,434,946
Accrued liabilities	1,652,488	8,881	857	-	-	1,662,226
Bond anticipation note payable	-	-	-	-	51,600,000	51,600,000
Due to other governments	400,865	-	-	-	-	400,865
Due to governmental funds	25,351,230	12,344,626	-	-	-	37,695,856
Due to teachers' retirement system	8,267,884	-	-	-	-	8,267,884
Due to employees' retirement system	786,283	-	-	-	-	786,283
Compensated absences	543,032	-	-	-	-	543,032
Reserve for excess tax levy	1,401,526	-	-	-	-	1,401,526
Unearned credits						
Collections in advance	-	1,061,286	-	-	-	1,061,286
TOTAL LIABILITIES	52,468,216	15,291,708	173,081	3,125	51,917,774	119,853,904
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	935,430	-	-	-	-	935,430
TOTAL DEFERRED INFLOWS OF RESOURCES	935,430	-	-	-	-	935,430
FUND BALANCES						
Non-Spendable						
Inventory	-	-	20,751	-	-	20,751
Restricted						
Workers' compensation	11,301,101	-	-	-	-	11,301,101
Retirement contribution - NYS employees' retirement system	7,687,802	-	-	-	-	7,687,802
Retirement contribution - NYS teachers' retirement system	5,701,989	-	-	-	-	5,701,989
Employee benefit accrued liability	8,192,505	-	-	-	-	8,192,505
Unemployment insurance	1,277,593	-	-	-	-	1,277,593
Insurance	473,128	-	-	-	-	473,128
Capital	19,215,977	-	-	-	1,500,000	20,715,977
Scholarships	-	-	-	20,972	-	20,972
Extraclassroom and other student activities	-	-	-	65,929	-	65,929
Assigned						
Appropriated fund balance	10,420,584	-	-	-	-	10,420,584
Unappropriated fund balance	332,157	-	1,283,895	-	-	1,616,052
Unassigned						
Unassigned fund balance	30,824,863	-	-	-	(19,530,940)	11,293,923
TOTAL FUND BALANCES	95,427,699	-	1,304,646	86,901	(18,030,940)	78,788,306
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 148,831,345	\$ 15,291,708	\$ 1,477,727	\$ 90,026	\$ 33,886,834	\$ 199,577,640

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

Total Governmental Fund Balances \$ 78,788,306

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	\$ 181,885,764	
Accumulated depreciation	<u>(61,812,712)</u>	120,073,052

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.		935,430
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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 asset - NYSTRS	11,298,248	
Proportionate share of net pension liability - NYSERS	(7,491,939)	
Deferred outflows of resources - NYSERS and NYSTRS pension related	31,352,541	
Deferred inflows of resources - NYSERS and NYSTRS pension related	<u>(14,651,925)</u>	20,506,925

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	31,251,427	
Total other post-employment benefits obligation	(266,076,054)	
Deferred inflows of resources - OPEB related	<u>(98,579,121)</u>	(333,403,748)

Long-term liabilities, including bonds payable, net, 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, net	(45,574,531)	
Energy performance contract debt	(9,806,538)	
Workers' compensation claims payable	(6,928,232)	
Compensated absences payable	(7,884,798)	
Termination benefits payable	<u>(344,500)</u>	(70,538,599)

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.

(2,512,960)

Total Net Position (Deficit)		<u><u>\$ (186,151,594)</u></u>
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HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 73,087,162	\$ -	\$ -	\$ -	\$ -	\$ 73,087,162
Other tax items - including STAR reimbursement	7,284,132	-	-	-	-	7,284,132
Charges for services	914,887	-	-	-	-	914,887
Use of money and property	5,476,180	-	1,964	2,419	-	5,480,563
Sale of property and compensation for loss	529,696	-	-	-	-	529,696
Miscellaneous	2,424,746	-	-	78,896	-	2,503,642
Interfund revenues	247,719	-	-	-	-	247,719
Local sources	-	13,066	-	-	-	13,066
State sources	243,527,451	15,468,867	94,047	-	1,299,032	260,389,397
Medicaid reimbursement	223,423	-	-	-	-	223,423
Federal sources	459,207	6,437,301	4,990,764	-	-	11,887,272
Surplus food	-	-	150,506	-	-	150,506
Sales	-	-	58,570	-	-	58,570
TOTAL REVENUES	<u>334,174,603</u>	<u>21,919,234</u>	<u>5,295,851</u>	<u>81,315</u>	<u>1,299,032</u>	<u>362,770,035</u>
EXPENDITURES						
General support	27,559,130	247,151	-	-	-	27,806,281
Instruction	212,868,653	22,408,571	-	113,141	-	235,390,365
Pupil transportation	10,690,285	-	-	-	-	10,690,285
Community services	6,000	-	-	-	-	6,000
Employee benefits	44,227,001	-	697,552	-	-	44,924,553
Debt service - Principal	2,624,448	-	-	-	-	2,624,448
Debt service - Interest	7,090,120	-	-	-	-	7,090,120
Cost of sales	-	-	3,743,791	-	-	3,743,791
Capital outlay	-	-	-	-	6,701,466	6,701,466
TOTAL EXPENDITURES	<u>305,065,637</u>	<u>22,655,722</u>	<u>4,441,343</u>	<u>113,141</u>	<u>6,701,466</u>	<u>338,977,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,108,966</u>	<u>(736,488)</u>	<u>854,508</u>	<u>(31,826)</u>	<u>(5,402,434)</u>	<u>23,792,726</u>
OTHER FINANCING SOURCES AND USES						
BANs redeemed from appropriations	-	-	-	-	400,000	400,000
Operating transfers in	-	736,488	-	-	450,000	1,186,488
Operating transfers (out)	(1,186,488)	-	-	-	-	(1,186,488)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,186,488)</u>	<u>736,488</u>	<u>-</u>	<u>-</u>	<u>850,000</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCES	<u>27,922,478</u>	<u>-</u>	<u>854,508</u>	<u>(31,826)</u>	<u>(4,552,434)</u>	<u>24,192,726</u>
FUND BALANCES - BEGINNING OF YEAR	<u>67,505,221</u>	<u>-</u>	<u>450,138</u>	<u>118,727</u>	<u>(13,478,506)</u>	<u>54,595,580</u>
FUND BALANCES - END OF YEAR	<u>\$ 95,427,699</u>	<u>\$ -</u>	<u>\$ 1,304,646</u>	<u>\$ 86,901</u>	<u>\$ (18,030,940)</u>	<u>\$ 78,788,306</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, 2025**

Net Change in Fund Balance \$ 24,192,726

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. (439,785)

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, 2025 changed by: 1,111,906

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, 2025 changed by: 14,500

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, 2025 changed by: 133,099

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, 2025 changed by: 18,482,109

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, 2025 changed by: (7,859,340)

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, 2025 changed by: (5,493,538)

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	\$ 7,168,683	
Depreciation expense	<u>(3,655,346)</u>	3,513,337

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	1,590,000	
Energy performance contract debt	<u>634,448</u>	2,224,448

The amortization of the bonds premiums, net of the amortization of the deferred charges on the bond issuances, decreases interest expense in the Statement of Activities. 101,250

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, 2025 changed by: 657

Pension Differences

Increases/decreases in proportionate share of net pension asset/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	601,843	
New York State Teachers' retirement system	<u>956,346</u>	<u>1,558,189</u>

Change in Net Position of Governmental Activities \$ 37,539,558

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

B) Joint venture:

The District is a component district 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, 2025**

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, 2025**

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.

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, termination benefits, 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.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 11 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, 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.

J) Restricted cash:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025.

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:

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

N) 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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

O) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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 14 and 15.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net 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 14 and 15.

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.

P) 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.

In accordance with GASB Statement No.101, *Compensated Absences*, the liability has been calculated using the vesting method and includes leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. An accrual for that liability is included in the District-Wide financial statements.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 \$344,500 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.

Q) 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.

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.

R) 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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 12 for a detailed disclosure short-term debt activity.

S) 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.

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.

T) 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, construction 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.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple net position classifications (i.e. expenditures related to restricted net position) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which net position classification will be charged. Restricted for TRS pension is the component of net position that reports the amount of the TRS net pension asset in accordance with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 \$20,751.
- 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.

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 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 and the capital projects 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 \$20,972 at June 30, 2025.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 \$65,929 at June 30, 2025.

- 3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2025.
- 4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board 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.

The capital projects fund had a deficit fund balance of \$18,030,940. 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.

The District’s unassigned fund balance in the general fund at June 30, 2025 exceeds the legal limit. Refer to the Schedule of Change From Adopted Budget to Final Budget in the Other Supplementary Information.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

U) Implementation of New Accounting Standards:

GASB Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Implementation of this standard resulted in a restatement of the July 1, 2024 net position, see note 20 for further detail.

GASB Statement No. 102, *Certain Risk Disclosures*, provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflows of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact to have occurred, have begun to occur, or a more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for the fiscal year ended June 30, 2025.

V) 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.

Statement No. 103, *Financial Reporting Model Improvements*. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*. Effective for the fiscal years beginning after June 15, 2025.

These are the statements 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.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(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, termination benefits, 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 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.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, if any, that occurred during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget.

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.

C) Expenditures in Excess of Budget:

Certain individual budgetary expenditure accounts exceeded their budgetary authorizations in the general fund.

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

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

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, 2025 included \$59,444,935 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, 2025, the District was billed \$48,924,816 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$6,720,127. 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, 2025**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

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

General fund	
New York State Aid	
Excess cost aid	\$ 3,660,946
BOCES aid	4,071,107
General aid	2,514,934
Solar federal credit	459,207
Medicare aid	<u>40,076</u>
Total general fund	<u>10,746,270</u>
Special aid fund	
State aid	11,647,527
Federal aid	<u>3,317,045</u>
Total special aid fund	<u>14,964,572</u>
School food service fund	
State food service program reimbursement	8,745
Federal food service program reimbursement	<u>867,180</u>
Total school food service fund	<u>875,925</u>
Capital projects fund	
State aid - SmartBonds	<u>3,031,716</u>
Total capital projects fund	<u>3,031,716</u>
Total - all funds	<u>\$ 29,618,483</u>

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General fund - other districts - tuition and health services	<u>\$ 659,125</u>
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The general fund receivables include \$659,125 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

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, 2025**

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2025 consisted of the following:

General fund - other districts - tuition and health services	\$ <u>400,865</u>
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NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2025 consisted of the following:

Special aid fund	
Grant funds received in advance	\$ <u>1,061,286</u>

NOTE 10 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 1,695,948	-	-	1,695,948
Construction in progress	<u>33,330,407</u>	<u>6,701,466</u>	<u>(14,113,553)</u>	<u>25,918,320</u>
Total capital assets not depreciated	<u>35,026,355</u>	<u>6,701,466</u>	<u>(14,113,553)</u>	<u>27,614,268</u>
Capital assets that are depreciated:				
Building and building improvements	131,774,613	-	10,751,011	142,525,624
Furniture and equipment	5,591,933	467,217	3,362,542	9,421,692
Site improvements	<u>2,324,180</u>	<u>-</u>	<u>-</u>	<u>2,324,180</u>
Total depreciable historical cost	<u>139,690,726</u>	<u>467,217</u>	<u>14,113,553</u>	<u>154,271,496</u>
Less accumulated depreciation:				
Building and building improvements	52,042,530	2,343,844	-	54,386,374
Furniture and equipment	4,070,746	1,274,102	-	5,344,848
Site improvements	<u>2,044,090</u>	<u>37,400</u>	<u>-</u>	<u>2,081,490</u>
Total accumulated depreciation	<u>58,157,366</u>	<u>3,655,346</u>	<u>-</u>	<u>61,812,712</u>
Total capital assets, net	<u>\$ 116,559,715</u>	<u>3,513,337</u>	<u>-</u>	<u>120,073,052</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Depreciation expense was charged to governmental functions as follows:

General support	\$ 150,715
Instruction	3,263,069
Transportation	153,684
School food service	87,878
	<u>\$ 3,655,346</u>

NOTE 11 – INTERFUND TRANSACTIONS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 12,345,429	\$ 25,351,230	\$ -	\$ 1,186,488
Special aid fund	-	12,344,626	736,488	-
School food service	123	-	-	-
Special revenue fund	9,781	-	-	-
Capital projects fund	25,340,523	-	-	-
Debt service fund	-	-	450,000	-
Total government activities	<u>\$ 37,695,856</u>	<u>\$ 37,695,856</u>	<u>\$ 1,186,488</u>	<u>\$ 1,186,488</u>

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 \$450,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2024-2025 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 12 - SHORT-TERM DEBT:

During the fiscal year ended June 30, 2025, the District issued and redeemed revenue anticipation notes in the amount of \$43,000,000. Additionally, the District issued bond anticipation notes in the amount of \$51,600,000 and redeemed \$25,000,000 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:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/11/2024	4.00%	\$ 10,000,000	-	10,000,000	-
BAN	7/11/2024	4.25%	15,000,000	-	15,000,000	-
RAN	6/30/2025	4.50%	-	43,000,000	43,000,000	-
BAN	7/10/2025	4.50%	-	51,600,000	-	51,600,000
Total			<u>\$ 25,000,000</u>	<u>\$ 94,600,000</u>	<u>\$ 68,000,000</u>	<u>\$ 51,600,000</u>

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

	Total
Interest paid	\$ 4,146,801
Less interest accrued in the prior year	(2,149,419)
Plus interest accrued in the current year	2,225,250
Total expense	<u>\$ 4,222,632</u>

NOTE 13 – 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
General obligation debt:					
Bonds payable	\$ 44,840,000	\$ -	\$ 1,590,000	\$ 43,250,000	\$ 1,940,000
Add: Deferred premium on bond issuance	2,425,781	-	101,250	2,324,531	101,250
	47,265,781	-	1,691,250	45,574,531	2,041,250
Other long-term liabilities:					
Energy performance contract debt payable	10,440,986	-	634,448	9,806,538	654,136
Compensated absences payable*	8,996,704	-	1,111,906	7,884,798	1,000,000
Termination benefits payable	359,000	-	14,500	344,500	-
Workers' compensation claims payable	7,061,331	2,848,152	2,981,251	6,928,232	-
Net pension liability- proportionate share-NYSERS	6,262,036	2,325,163	1,095,260	7,491,939	-
Net pension liability- proportionate share-NYSTRS	4,217,374	-	4,217,374	-	-
Total other post-employment benefits obligation	284,558,163	40,822,423	59,304,532	266,076,054	9,350,265
Total long-term liabilities	<u>\$ 369,161,375</u>	<u>\$ 45,995,738</u>	<u>\$ 71,050,521</u>	<u>\$ 344,106,592</u>	<u>\$ 13,045,651</u>

*Restated for the implementation of GASB Statement No. 101.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	07/18/13	07/15/28	3.00 - 4.00%	\$ 1,540,000
QZAB Bonds	10/02/13	07/15/28	1.15 - 5.30%	2,700,000
Serial Bonds	06/15/24	06/15/48	4.125-5.00%	39,010,000
				<u>\$ 43,250,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$ 1,940,000	\$ 2,025,296	\$ 3,965,296
2027	2,030,000	1,935,436	3,965,436
2028	2,125,000	1,839,456	3,964,456
2029	2,215,000	1,737,842	3,952,842
2030	1,145,000	1,658,144	2,803,144
2031-2035	6,670,000	7,369,969	14,039,969
2036-2040	8,500,000	5,528,969	14,028,969
2041-2045	10,860,000	3,178,969	14,038,969
2046-2048	7,765,000	649,275	8,414,275
	<u>\$ 43,250,000</u>	<u>\$ 25,923,356</u>	<u>\$ 69,173,356</u>

Unissued Debt

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, 2025, the District has issued \$39,400,000 of bonds, received a bond premium of \$2,430,000 utilized to provide permanent financing for the related projects, \$2,116,293 of funding was provided by State sources and \$2,477,819 from the general fund. Unissued bonds at June 30, 2025 are \$420,000.

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, 2025, the District provided \$400,000 of funding from local sources. 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, 2025, the District has not issued any bonds related to this project.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

On May 21, 2024, the voters authorized the issuance of bonds not to exceed \$72,218,215 and use of the capital reserve not to exceed \$1,362,000 for improvements to the district's infrastructure, including health and safety improvements. Additionally, the voters authorized the issuance of bonds not to exceed \$7,350,000 and use of the capital reserve not to exceed \$138,000 for indoor air quality improvement and installation of classroom air conditioners for six schools. As of June 30, 2025, the District has not issued any bonds related to these projects.

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%	\$ 9,806,538

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 654,136	\$ 297,002	\$ 951,138
2027	674,436	276,702	951,138
2028	695,366	255,772	951,138
2029	716,945	234,193	951,138
2030	739,194	211,944	951,138
2031-2035	4,054,630	701,061	4,755,691
2036-2038	<u>2,271,831</u>	<u>106,013</u>	<u>2,377,844</u>
	<u>\$ 9,806,538</u>	<u>\$ 2,082,687</u>	<u>\$ 11,889,225</u>

C) Bond Premium

On June 15, 2024, the District issued bonds and received a bond premium which is being amortized as a component of interest expense on a straight-line basis over the life of the bonds on the district-wide statements as follows:

Fiscal Year Ending June 30,	Deferred Premium
2026	\$ 101,250
2027	101,250
2028	101,250
2029	101,250
2030	101,250
2031-2035	506,250
2036-2040	506,250
2041-2045	506,250
2046-2048	<u>299,531</u>
	<u>\$ 2,324,531</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

D) Long-Term Interest

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

	Total
Interest paid	\$ 2,943,319
Less interest accrued in the prior year	(364,198)
Plus interest accrued in the current year	287,710
Less amortization of bond premium	(101,250)
Total expense	\$ 2,765,581

NOTE 14 – 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.gov/retirement/resources/financial-statements-and-supplementary-information 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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 Annual Comprehensive 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 (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
2025	\$ 2,325,163	\$ 7,114,266
2024	\$ 1,951,939	\$ 6,984,482
2023	\$ 1,480,210	\$ 7,009,060

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

At June 30, 2025, the District reported the following asset/liability for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for NYSERS and June 30, 2024 for NYSTRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSERS and NYSTRS Systems in reports provided to the District.

	NYSERS	NYSTRS
Measurement date	March 31, 2025	June 30, 2024
District's proportionate share of the net pension asset/(liability)	\$ (7,491,939)	\$ 11,298,248
District's portion of the Plan's total net pension asset/(liability)	0.0436957%	0.378677%
Change in proportion since the prior measurement date	0.0011664%	0.009892%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

For the year ended June 30, 2025, the District recognized pension expense of \$1,885,909 and \$6,271,588 for NYSERS and NYSTRS, respectively. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	NYSERS	NYSTRS	NYSERS	NYSTRS
Differences between expected and actual experience	\$ 1,859,550	\$ 12,166,139	\$ 87,716	\$ -
Changes of assumptions	314,197	6,758,642	-	1,136,867
Net difference between projected and actual investment earnings on pension plan investments	587,797	-	-	12,553,317
Changes in proportion and differences between the District's contributions and proportionate share of contributions	953,883	811,784	43,296	830,729
District's contributions subsequent to the measurement date	786,283	7,114,266	-	-
Total	\$ 4,501,710	\$ 26,850,831	\$ 131,012	\$ 14,520,913

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended	NYSERS	NYSTRS
2026	\$ 1,616,915	\$ (5,694,089)
2027	2,206,224	14,013,189
2028	(391,323)	(2,299,711)
2029	152,599	(2,693,664)
2030	-	1,364,632
Thereafter	-	525,295
Total	\$ 3,584,415	\$ 5,215,652

Actuarial Assumptions

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.90%	6.95%
Salary scale	4.30%	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, 2025 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, 2023 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, 2025**

	NYSERS		NYSTRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	March 31, 2025		June 30, 2023	
Asset Type:				
Domestic equity	25.0%	3.5%	33.0%	6.6%
International equity	14.0%	6.6%	15.0%	7.4%
Private equity	15.0%	7.3%	9.0%	10.0%
Real estate equity	12.0%	5.0%	11.0%	6.3%
Opportunistic/ Absolute return strategy	3.0%	5.3%		
Real assets	4.0%	5.6%		
Fixed income	22.0%	2.0%		
Cash and cash equivalents	1.0%	0.3%	1.0%	0.5%
Credit	4.0%	5.4%		
Domestic fixed income securities			16.0%	2.6%
High-yield fixed income securities			1.0%	4.8%
Global bonds			2.0%	2.5%
Real estate debt			6.0%	3.9%
Global equities			4.0%	6.9%
Private debt			2.0%	5.9%
	100.0%		100.0%	

* Real rates of return are net of a long-term assumption of 2.90% for NYSERS and 2.40% for NYSTRS.

Discount Rate

The discount rate used to calculate the total pension asset/(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 asset/(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, 2025**

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
NYSERS			
Employer's proportionate share of the net pension asset/(liability)	\$ (21,682,614)	\$ (7,491,939)	\$ 4,357,284
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
NYSTRS			
Employer's proportionate share of the net pension asset/(liability)	\$ (52,187,261)	\$ 11,298,248	\$ 64,691,265

Pension Plan Fiduciary Net Position

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

	NYSERS	NYSTRS
	(Dollars in Thousands)	
Measurement date	March 31, 2025	June 30, 2024
Employers total pension liability	\$ (247,600,239)	\$ (142,837,826)
Plan net position	230,454,512	145,821,435
Employers' net pension liability	\$ (17,145,727)	\$ 2,983,609
Ratio of plan net position to the Employers' total pension liability	93.08%	102.09%

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$786,283.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid deduction and remittance to NYSTRS. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 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 \$1,153,618 and \$7,114,266, respectively, as of June 30, 2025. Total accrued NYSTRS contributions as of June 30, 2025 amount to \$8,267,884.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025, totaled \$3,012,031.

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, 2025 totaled \$112,211.

NOTE 15 – 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 (80% to 100%) 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, 2025, the District contributed \$9,350,265 to the Plan including \$9,350,265 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 July 1, 2024, the following employees were covered by the benefit terms:

Actives	831
Retirees	591
Spouses of retirees	145
Surviving spouses	12
Total members	1,579

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total OPEB Liability:

The District's total OPEB liability of \$266,076,054 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2024 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	5.20%
Salary Scale	2.40%
Healthcare cost trend rates	6.60% for 2025 - 3.80% over 65 years
Retirees' share of benefit-related costs	0% to 20% 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, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2024 through June 30, 2025.

Changes in total OPEB liability:

Total OPEB liability as of July 1, 2024	<u>\$ 284,558,163</u>
Service cost	11,660,480
Interest	11,459,431
Changes of benefit terms	7,121,927
Differences between expected and actual experience	10,580,585
Changes of assumptions or other inputs	(49,954,267)
Benefit payments	<u>(9,350,265)</u>
Total net changes	<u>(18,482,109)</u>
Total OPEB liability as of June 30, 2025	<u><u>\$ 266,076,054</u></u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Changes in benefit terms include the following:

- Retirees' share of benefit-related cost changed from 10% to 14% for June 30, 2024 to 0% to 20% for June 30, 2025.

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 3.93% to 5.20%.
- Healthcare cost trend rates changed from 5.80% decreasing to 3.80% over 50 years to 6.60% decreasing to 3.80% over 65 years.

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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 305,103,515	\$ 266,076,054	\$ 234,123,541

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 (5.60%) or 1 percentage point higher (7.60%) than the current healthcare cost trend rate:

	1% Decrease (5.60% Decreasing to 2.80%)	Healthcare Cost Trend Rates (6.60% Decreasing to 3.80%)	1% Increase (7.60% Decreasing to (4.80%)
Total OPEB liability	\$ 228,766,013	\$ 266,076,054	\$ 312,853,455

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$4,221,034. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,977,466	23,334,428
Changes of assumptions or other inputs	22,273,961	75,244,693
Total	\$ 31,251,427	98,579,121

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

Fiscal Year Ended June 30,	
2026	\$ (20,911,049)
2027	(23,008,136)
2028	(7,809,803)
2029	(6,053,569)
2030	(5,965,709)
Thereafter	(3,579,428)
	\$ (67,327,694)

NOTE 16 – 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. As of June 30, 2025, the District has recorded potential workers' compensation claims of \$6,928,232 and has a workers' compensation reserve balance of \$11,301,101.

	2025	2024
Unpaid claims at beginning of year	\$ 7,061,331	\$ 7,134,202
Incurred claims	2,848,152	2,720,027
Claims payments and adjustments	(2,981,251)	(2,792,898)
Unpaid claims at year end	\$ 6,928,232	\$ 7,061,331

The District has not purchased any annuity contracts.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 17 - 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 \$4,330,902.

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2025 the District had \$332,157 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 \$1,523,868 of estimated legal claims.

D. Reserve for excess levy

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The District received revenues in excess of the real property tax levy set by the Board for fiscal years ended June 30, 2023 and 2024, and as a result, received real property taxes in excess of the District’s property tax cap. The District has recorded a current liability in the amount of \$1,401,526, which will be utilized to reduce the levy for the 2026-2027 fiscal year.

E. 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.

The terms of the energy performance contract (“lease agreement”) provide that, in the event of default, the financing corporation (“lessor”) may declare all remaining installment amounts under the lease agreement to be due. The lessor may, with or without terminating the lease agreement with the District, repossess all equipment under the lease agreement, sell, lease or sub-lease the equipment, and hold the

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

District liable for the difference between the remaining amounts owed by the District under the lease agreement and the net proceeds after deducting expenses from such repossession, sale, leasing, or sub-leasing.

NOTE 19 - CERTAIN RISK DISCLOSURES

A. Concentrations - Workforce Covered by Collective Bargaining Agreements

The District's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The Teachers Association collective bargaining agreement has expired and has only been extended through a memorandum of understanding. Other collective bargaining agreements are maintained by the District and available upon request.

B. Constraints

I. Limitations on Raising Revenue

The District's ability to raise revenue through property taxes is subject to Article VIII of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit (tax cap) imposed by Chapter 97 of the Laws of 2011. The annual increase in the property tax levy cannot exceed the lesser of 2% or change in the consumer price index, unless approved by a 60% supermajority of the taxpayers.

II. Limitations on Spending

Expenditures must be authorized in accordance with the annual budget adopted by the District, pursuant to New York State General Municipal Law (GML) and local charter provisions. The District may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.

III. Limitations on the Incurrence of Debt

The District is subject to a constitutional debt limit, which is 10% of the full value on the most recent tax roll. The debt limit may be exceeded if authorized by 60% of the voters and approved by the Board of Regents and the New York State Comptroller. All borrowings must be approved by a majority vote of the District's residents at a public referendum.

NOTE 20 – RESTATEMENT OF NET POSITION:

For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This change resulted in a decrease of \$1,923,923 in total net position. The following is a summary of these changes:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	As Previously Reported	As Restated	Adjustment
Compensated absences	\$ 7,072,781	\$ 8,996,704	\$ (1,923,923)
			(221,767,229)
			\$ (223,691,152)

NOTE 21 – 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 9, 2025, in the amount of \$29,000,000, which will mature on June 30, 2026 bearing a stated interest rate of 4.0%. The District received a premium of \$217,500 with the borrowing to yield an effective interest rate of 3.23%.

The District issued bond anticipation notes on July 9, 2025, in the amount of \$68,660,400, which will mature on July 9, 2026 bearing a stated interest rate of 4.0%. The District received a premium of \$563,702 with the borrowing to yield an effective interest rate of 3.18%.

**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, 2025**

	<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	\$ 73,087,162	\$ 73,087,162	\$ -
Other real property tax items	5,000,000	7,847,208	7,284,132	(563,076)
Charges for services	-	-	914,887	914,887
Use of money and property	-	-	5,476,180	5,476,180
Sale of property and compensation for loss	-	-	529,696	529,696
Miscellaneous	2,750,000	2,751,300	2,424,746	(326,554)
Interfund revenues	-	-	247,719	247,719
State Sources				
Basic formula	235,065,775	235,065,775	182,437,222	(52,628,553)
Excess cost aid	-	-	22,067,402	22,067,402
Lottery aid	-	-	28,186,500	28,186,500
BOCES aid	-	-	6,720,127	6,720,127
Textbook aid	-	-	564,734	564,734
Computer hardware/software aid	-	-	362,216	362,216
Library material aid	-	-	8,000	8,000
Other state aid	-	-	3,181,250	3,181,250
Medicaid reimbursement	-	-	223,423	223,423
Federal Sources	-	-	459,207	459,207
TOTAL REVENUES	318,750,145	318,751,445	334,174,603	15,423,158
APPROPRIATED FUND BALANCE				
Appropriated Fund Balance	5,812,059	5,812,059		
Prior Year's Encumbrances	680,186	680,186		
Appropriated Reserves	4,060,000	4,060,000		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	\$ 329,302,390	\$ 329,303,690		

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, 2025**

	<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	\$ 598,750	\$ 600,140	\$ 546,451	\$ 3,479	\$ 50,210
Central administration	524,322	522,301	779,339	740	(257,778)
Finance	2,730,270	2,730,270	2,084,382	299	645,589
Staff	2,816,688	2,808,051	2,318,342	80,425	409,284
Central services	23,168,312	23,168,311	17,582,584	184,112	5,401,615
Special items	4,315,207	4,324,207	4,248,032	-	76,175
Instruction					
Instruction, administration & improvement	8,956,215	8,975,396	7,940,247	31,464	1,003,685
Teaching - regular school	136,365,681	136,416,958	129,374,306	7,607	7,035,045
Programs for children with disabilities	52,405,847	52,403,347	60,279,798	-	(7,876,451)
Occupational education	750,000	632,000	150,000	-	482,000
Teaching - special schools	302,500	302,500	300,000	-	2,500
Instructional media	5,776,910	5,692,845	4,381,401	11,636	1,299,808
Pupil services	10,302,320	10,315,073	10,442,901	12,395	(140,223)
Pupil transportation	11,131,593	11,254,515	10,690,285	-	564,230
Community services	15,000	15,000	6,000	-	9,000
Employee benefits	57,463,194	57,463,195	44,227,001	-	13,236,194
Debt service					
Debt service principal	5,762,975	5,762,975	2,624,448	-	3,138,527
Debt service interest	4,766,606	4,766,606	7,090,120	-	(2,323,514)
	<u>328,152,390</u>	<u>328,153,690</u>	<u>305,065,637</u>	<u>332,157</u>	<u>22,755,896</u>
OTHER FINANCING USES					
Transfers to other funds	1,150,000	1,150,000	1,186,488	-	(36,488)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 329,302,390</u>	<u>\$ 329,303,690</u>	<u>306,252,125</u>	<u>\$ 332,157</u>	<u>\$ 22,719,408</u>
Net change in fund balance			27,922,478		
Fund balance - beginning			<u>67,505,221</u>		
Fund balance - ending			<u>\$ 95,427,699</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	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 11,660,480	\$ 10,688,828	\$ 9,461,956	\$ 14,006,131	\$ 13,057,796	\$ 12,555,432	\$ 16,010,987	\$ 14,174,143
Interest	11,459,431	10,572,236	9,086,706	6,701,333	7,890,731	9,942,353	10,304,165	9,734,694
Changes of benefit terms	7,121,927	-	-	-	-	-	-	-
Differences between expected and actual experience	10,580,585	-	(2,128,659)	-	(80,039,800)	-	(4,802,361)	(748,628)
Changes of assumptions or other inputs	(49,954,267)	(11,768,805)	22,738,296	(63,111,204)	17,280,628	56,241,034	(71,020,190)	-
Benefit payments	(9,350,265)	(7,721,937)	(7,128,258)	(6,125,687)	(5,750,603)	(6,746,258)	(6,150,300)	(5,881,053)
Net change in total OPEB liability	(18,482,109)	1,770,322	32,030,041	(48,529,427)	(47,561,248)	71,992,561	(55,657,699)	17,279,156
Total OPEB liability - beginning	284,558,163	282,787,841	250,757,800	299,287,227	346,848,475	274,855,914	330,513,613	313,234,457
Total OPEB liability - ending	<u>\$ 266,076,054</u>	<u>\$ 284,558,163</u>	<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	\$ 65,312,504	\$ 68,993,333	\$ 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	407.39%	412.44%	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, the District 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										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of the net pension asset/(liability)	0.04370%	0.04253%	0.03773%	0.03758%	0.03986%	0.04612%	0.04656%	0.04504%	0.04827%	0.04547%
District's proportionate share of the net pension asset/(liability)	\$ (7,492)	\$ (6,262)	\$ (8,090)	\$ 3,072	\$ (40)	\$ (12,213)	\$ (3,299)	\$ (1,486)	\$ (4,536)	\$ (7,298)
District's covered payroll	\$ 16,844	\$ 16,434	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	44.48%	38.10%	52.70%	21.61%	0.30%	79.80%	21.00%	10.25%	32.22%	51.39%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

NYSTRS Pension Plan										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of the net pension asset/(liability)	0.37868%	0.36879%	0.36302%	0.35711%	0.38370%	0.40826%	0.40363%	0.39345%	0.40480%	0.43395%
District's proportionate share of the net pension asset/(liability)	\$ 11,298	\$ (4,217)	\$ (6,966)	\$ 61,884	\$ (10,603)	\$ 10,607	\$ 7,299	\$ 2,991	\$ (4,336)	\$ 45,073
District's covered payroll	\$ 71,347	\$ 72,925	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.84%	5.78%	10.20%	95.75%	16.95%	15.77%	10.67%	4.53%	6.89%	70.50%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	102.10%	99.17%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

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

** Notes to Required Supplementary Information

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

NYSERS Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,325	\$ 1,952	\$ 1,480	\$ 2,136	\$ 1,929	\$ 2,106	\$ 2,072	\$ 2,085	\$ 2,132	\$ 2,222
Contributions in relation to the contractually required contribution	2,325	1,952	1,480	2,136	1,929	2,106	2,072	2,085	2,132	2,222
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,844	\$ 16,434	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200
Contributions as a percentage of covered payroll	13.80%	11.88%	9.64%	15.02%	14.30%	13.76%	13.19%	14.38%	15.14%	15.65%

NYTRS Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 7,114	\$ 6,984	\$ 7,009	\$ 6,302	\$ 5,759	\$ 5,758	\$ 7,237	\$ 6,443	\$ 7,307	\$ 8,303
Contributions in relation to the contractually required contribution	7,114	6,984	7,009	6,302	5,759	5,758	7,237	6,443	7,307	8,303
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 71,347	\$ 72,925	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931
Contributions as a percentage of covered payroll	9.97%	9.58%	10.26%	9.75%	9.21%	8.56%	10.58%	9.76%	11.60%	12.99%

**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, 2025**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 328,622,204
Add: Prior year's encumbrances	680,186
Original Budget	329,302,390
Budget Revision:	
Donations	1,300
Final Budget	\$ 329,303,690

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget	\$ 358,832,905
Maximum allowed (4% of 2025-26 budget)	\$ 14,353,316
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 10,752,741
Unassigned fund balance	30,824,863
Total unrestricted fund balance	41,577,604
Less:	
Appropriated fund balance	10,420,584
Encumbrances included in assigned fund balance	332,157
Total adjustments	10,752,741
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 30,824,863
Actual percentage of 2025-26 budget	8.59%

* 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, 2025**

PROJECT TITLE	Project Number	Budget		Expenditures and Transfers			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2025
		June 30, 2024	June 30, 2025	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
										Total	Total	
Projects Funded by Appropriations												
District-wide improvements	00-9000	\$ 235,037	\$ 24,241	\$ -	\$ -	\$ -	\$ 24,241	\$ -	\$ -	\$ 24,241	\$ 24,241	\$ 24,241
Hempstead High School Pool Remediation	20-1001	1,167,178	1,167,180	793,544	71,942	865,486	301,694	-	-	1,167,180	1,167,180	301,694
MS Faculty Lounge	01-9130	4,565	4,565	-	2,592	2,592	1,973	-	-	4,565	4,565	1,973
MS Elevator Repair	01-9150	5,991	5,991	-	5,910	5,910	81	-	-	5,991	5,991	81
McNeil Roof and Egress Windows	02-0018	57,250	57,250	-	-	-	57,250	-	-	57,250	57,250	57,250
HS Soil Sample - Disposal Site	02-0030	7,500	7,500	53	-	53	7,447	-	-	7,500	7,500	7,447
McNeil Sidewalk	02-9100	60,000	60,000	-	59,374	59,374	626	-	-	60,000	60,000	626
Annex Roof Repair	05-9100	145,339	145,339	145,339	-	145,339	-	-	-	145,339	145,339	-
Obama Faculty Restroom	06-9140	36,580	36,580	-	-	-	36,580	-	-	36,580	36,580	36,580
Prospect Elevator Repair	10-9150	4,101	4,101	-	3,295	3,295	806	-	-	4,101	4,101	806
Hempstead High School Auditorium Seating	20-9130	333,864	333,864	-	333,864	333,864	-	-	333,864	333,864	333,864	-
Hempstead High School Auditorium Repair	20-9131	331,028	331,028	-	310,026	310,026	21,002	-	-	331,028	331,028	21,002
Hempstead High School Elevator	20-9150	9,280	9,280	-	9,035	9,035	245	-	-	9,280	9,280	245
Boiler Repair	00-9160	35,000	35,000	30,161	-	30,161	4,839	-	-	35,000	35,000	4,839
HS - PA Electrical	20-9132	-	86,870	-	70,654	70,654	16,216	-	-	86,870	86,870	16,216
Railing Repairs and Replacement	01-9133	-	31,700	-	31,645	31,645	55	-	-	31,700	31,700	55
Paterson - Ceiling and Door Repairs	03-9134	-	26,070	-	25,887	25,887	183	-	-	26,070	26,070	183
Obama - Chimney Repairs and Waterproofing	06-9135	-	26,900	-	26,890	26,890	10	-	-	26,900	26,900	10
Annex - Boiler and Chimney	05-9136	-	62,450	-	54,490	54,490	7,960	-	-	62,450	62,450	7,960
Obama - Faculty Restroom	06-9140	-	37,810	-	37,799	37,799	11	-	-	37,810	37,810	11
MS Girls Gym Locker Padding	01-9137	-	18,500	-	18,500	18,500	-	-	-	18,500	18,500	-
MS Fencing Repairs	01-9138	-	19,500	-	19,433	19,433	67	-	-	19,500	19,500	67
HS - Gym Bleachers	20-9139	-	17,500	-	17,288	17,288	212	-	-	17,500	17,500	212
HS - Piping Changings	20-9140	-	50,000	-	-	-	50,000	-	-	50,000	50,000	50,000
McNeil - Boiler and Piping	02-9140	-	66,928	-	66,928	66,928	-	-	-	66,928	66,928	-
MS - Boiler Heads and Piping	01-9141	-	53,068	-	-	-	53,068	-	-	53,068	53,068	53,068
MS - Locker Repairs - Carpentry	01-9142	-	21,000	-	-	-	21,000	-	-	21,000	21,000	21,000
Obama - Portal Wall	06-9143	-	29,390	-	29,386	29,386	4	-	-	29,390	29,390	4
HS - Sewage	20-9144	-	35,700	-	35,690	35,690	10	-	-	35,700	35,700	10
HS - Roof Brackets	20-9100	-	24,640	-	-	-	24,640	-	-	24,640	24,640	24,640
HS - Classroom Doors	20-9145	-	46,025	-	45,990	45,990	35	-	-	46,025	46,025	35
Projects Funded by Appropriations		<u>2,432,713</u>	<u>2,875,970</u>	<u>969,097</u>	<u>1,276,618</u>	<u>2,245,715</u>	<u>630,255</u>	<u>-</u>	<u>-</u>	<u>2,875,970</u>	<u>2,875,970</u>	<u>630,255</u>
Capital Grants:												
Bus Purchase	10-0000	1,000,000	100,000	-	-	-	100,000	-	100,000	-	100,000	100,000
Bus Purchase - NESCO	01-0000	-	320,000	-	317,961	317,961	2,039	-	320,000	-	320,000	2,039
Bus Purchase - SUV	02-0000	-	150,000	-	-	-	150,000	-	150,000	-	150,000	150,000
Bus Purchase - Sprinter Vans	03-0000	-	150,000	-	-	-	150,000	-	150,000	-	150,000	150,000
Bus Purchase - Vans	04-0000	-	280,000	-	227,657	227,657	52,343	-	280,000	-	280,000	52,343
MS Boys Locker Room	01-9105	340,000	346,746	-	346,609	346,609	137	-	340,000	6,746	346,746	137
Patterson Playground	03-9105	189,500	189,500	-	189,461	189,461	39	-	160,000	29,500	189,500	39
Hempstead High School Ceiling and lighting	20-9105	200,000	200,000	-	199,636	199,636	364	-	200,000	-	200,000	364
Capital grants		<u>1,729,500</u>	<u>1,736,246</u>	<u>-</u>	<u>1,281,324</u>	<u>1,281,324</u>	<u>454,922</u>	<u>-</u>	<u>1,700,000</u>	<u>36,246</u>	<u>1,736,246</u>	<u>454,922</u>
EPC - 2022 - 23												
Hempstead Middle School	01-0027	3,932,003	3,932,003	3,675,928	256,075	3,932,003	-	3,932,003	-	-	3,932,003	-
McNeil	02-0016	915,360	915,360	891,034	24,326	915,360	-	915,360	-	-	915,360	-
Paterson	03-0017	81,033	81,033	80,162	871	81,033	-	81,033	-	-	81,033	-
Jackson Main Elementary	04-0015	169,687	169,489	167,664	1,825	169,489	-	169,489	-	-	169,489	-
Jackson Annex	05-0012	42,094	42,095	41,593	502	42,095	-	42,095	-	-	42,095	-
Obama	06-0017	852,407	852,603	825,528	27,075	852,603	-	852,603	-	-	852,603	-
Marshall School	07-0015	107,763	107,761	106,477	1,284	107,761	-	107,761	-	-	107,761	-
Hempstead High School	20-0029	4,650,667	4,650,667	4,558,145	92,522	4,650,667	-	4,650,667	-	-	4,650,667	-
EPC		<u>10,751,014</u>	<u>10,751,011</u>	<u>10,346,531</u>	<u>404,480</u>	<u>10,751,011</u>	<u>-</u>	<u>10,751,011</u>	<u>-</u>	<u>-</u>	<u>10,751,011</u>	<u>-</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND, CONTINUED**

PROJECT TITLE	Project Number	Budget		Expenditures and Transfers			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2025	
		June 30, 2024	June 30, 2025	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources			Total
										State	Local		
Bond issue - 2021 - 22													
Hempstead Middle School	01-0028	\$ 3,090,885	\$ 3,090,885	\$ 1,788,194	\$ 653	\$ 1,788,847	\$ 1,302,038	\$ 3,090,885	\$ -	\$ -	\$ 3,090,885	\$ 1,302,038	
Hempstead Middle School	01-0029	1,326,917	1,326,917	1,318,593	389,948	1,708,541	(381,624)	1,326,917	-	-	1,326,917	(381,624)	
Hempstead High School	02-0030	112,896	112,896	120,028	24	120,052	(7,156)	112,896	-	-	112,896	(7,156)	
McNeil	02-0018	57,250	2,920,750	-	163,657	163,657	2,757,093	2,920,750	-	-	2,920,750	2,757,093	
Paterson	03-0018	2,067,501	2,067,501	82,256	4	82,260	1,985,241	2,067,501	-	-	2,067,501	1,985,241	
Paterson	03-0019	31,750	2,108,400	-	147,996	147,996	1,960,404	2,108,400	-	-	2,108,400	1,960,404	
Jackson Main Elementary	04-0017	1,173,750	1,173,750	1,122,387	42	1,122,429	51,321	1,173,750	-	-	1,173,750	51,321	
Jackson Main Elementary	04-0018	25,000	1,052,000	-	69,001	69,001	982,999	1,052,000	-	-	1,052,000	982,999	
Obama	06-0018	1,270,280	1,270,280	1,212,789	28	1,212,817	57,463	1,270,280	-	-	1,270,280	57,463	
Obama	06-0019	25,000	754,000	-	77,082	77,082	676,918	754,000	-	-	754,000	676,918	
Hempstead High School	11-6001	270,000	270,000	13,441	41	13,482	256,518	270,000	-	-	270,000	256,518	
Hempstead High School	20-0030	10,320,638	10,320,638	8,072,859	4	8,072,863	2,247,775	10,320,638	-	-	10,320,638	2,247,775	
Hempstead High School	20-0031	6,698,000	6,698,000	5,772,829	1,088,431	6,861,260	(163,260)	6,698,000	-	-	6,698,000	(163,260)	
Hempstead High School	20-0032	25,000	3,829,000	-	502,519	502,519	3,326,481	3,829,000	-	-	3,829,000	3,326,481	
Portable Removal	60-0002	123,585	123,585	74,889	-	74,889	48,696	123,585	-	-	123,585	48,696	
Portable Removal	81-0002	123,585	123,585	74,684	-	74,684	48,901	123,585	-	-	123,585	48,901	
Portable Removal	82-0002	123,585	123,585	74,684	-	74,684	48,901	123,585	-	-	123,585	48,901	
Portable Removal	83-0002	61,790	61,790	47,354	-	47,354	14,436	61,790	-	-	61,790	14,436	
Unallocated	99-9999	59,569,197	49,069,047	-	-	-	49,069,047	48,669,047	-	400,000	49,069,047	49,069,047	
Total Bond 2021-22		86,496,609	86,496,609	19,774,987	2,439,430	22,214,417	64,282,192	86,096,609	-	400,000	86,496,609	64,282,192	
Bond issue - 2018 - 19													
Rhodes/New Building	09-0009	3,328,550	3,328,550	3,307,772	-	3,307,772	20,778	3,328,550	-	-	3,328,550	20,778	
JA - Portables	13-0001	134,370	134,370	52,321	-	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	56,995	-	56,995	77,375	134,370	-	-	134,370	77,375	
JA - Portables	51-0002	106,376	106,376	82,750	-	82,750	23,626	106,376	-	-	106,376	23,626	
JA - Portables	52-0002	106,376	106,376	44,951	-	44,951	61,425	106,376	-	-	106,376	61,425	
JMc- Portables	57-0002	134,370	134,370	58,699	-	58,699	75,671	134,370	-	-	134,370	75,671	
JA - Portables	78-0003	212,752	212,752	89,082	-	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	92-0001	41,626,552	41,626,552	39,768,412	-	39,768,412	1,858,140	37,032,440	2,116,293	2,477,819	41,626,552	1,858,140	
Unallocated	98-9999	444,534	444,534	-	-	-	444,534	444,534	-	-	444,534	444,534	
Rhodes/New Building		46,844,112	46,844,112	43,525,230	-	43,525,230	3,318,882	42,250,000	2,116,293	2,477,819	46,844,112	3,318,882	
Bond issue - 2023 - 24													
McNeil - HVAC Improvements	02-0020	-	2,460,000	-	228	228	2,459,772	2,460,000	-	-	2,460,000	2,459,772	
Paterson - HVAC Improvements	03-0021	-	2,394,250	-	177	177	2,394,073	2,394,250	-	-	2,394,250	2,394,073	
Prospect - HVAC Improvements	08-0015	-	2,100,000	-	177	177	2,099,823	2,100,000	-	-	2,100,000	2,099,823	
Indoor quality improvements	99-9996	7,488,000	533,750	-	-	-	533,750	395,750	-	138,000	533,750	533,750	
Unallocated	99-9997	73,580,215	73,580,215	-	-	-	73,580,215	72,218,215	-	1,362,000	73,580,215	73,580,215	
Bond Issue - 2023- 2024		81,068,215	81,068,215	-	582	582	81,067,633	79,568,215	-	1,500,000	81,068,215	81,067,633	
SmartBonds													
SB-0001		5,269,387	5,269,387	3,860,042	187,074	4,047,116	1,222,271	-	5,269,387	-	5,269,387	1,222,271	
SB-0002		-	1,111,958	-	1,111,958	1,111,958	-	-	1,111,958	-	1,111,958	-	
SmartBonds		5,269,387	6,381,345	3,860,042	1,299,032	5,159,074	1,222,271	-	6,381,345	-	6,381,345	1,222,271	
		\$ 234,591,550	\$ 236,153,508	\$ 78,475,887	\$ 6,701,466	\$ 85,177,353	\$ 150,976,155	\$ 218,665,835	\$ 10,197,638	\$ 7,290,035	\$ 236,153,508	150,976,155	
												Unissued Debt 2018-2019 (420,000)	
												Unissued Debt 2021-2022 (86,096,609)	
												Unissued Debt 2023-2024 (79,568,215)	
												Uncertified SmartBonds Aid (1,222,271)	
												Uncertified NYSED and Crest Grants (1,700,000)	
											Fund Balance	\$ (18,030,940)	

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

Capital assets, net		\$ 120,073,052
Deduct:		
Capital projects related accounts payable	\$ 317,774	
Bond anticipation notes payable	51,600,000	
Short-term portion of bonds payable, net	2,041,250	
Long-term portion of bonds payable, net	43,533,281	
Short-term portion of energy performance contract debt	654,136	
Long-term portion of energy performance contract debt	9,152,402	
Less: Unspent debt proceeds	<u>(27,690,353)</u>	<u>79,608,490</u>
Net investment in capital assets		<u><u>\$ 40,464,562</u></u>

See Paragraph on Other Information Included in Auditor's Report

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

The Board of Education
Hempstead Union Free School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the 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, 2025, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2025-001.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 15, 2025

HEMPSTEAD UNION FREE SCHOOL DISTRICT
Schedule of Findings and Responses

(2025-001) New York State Property Tax Law §1318

Criteria - New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Condition - The District's unrestricted fund balance at June 30, 2025 after excluding amounts assigned for the subsequent year and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2025, this portion of the District's unrestricted fund balance is \$30,824,863, which is 8.59% of the 2025-26 voter approved General Fund budget.

Cause - Funding of reserves and appropriation of unassigned for the 2025-26 budget was insufficient to be in compliance with NYS Real Property Tax Law §1318.

Effect of Condition - The District is not in compliance with NYS Real Property Tax Law §1318.

Repeat Finding - This is a repeat finding of item 2024-001 as reported for the year ended June 30, 2024.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

View's of Responsible Officials and Planned Corrective Actions - See corrective action plan on page 73.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
Status of Prior Year Audit Findings
Year ended June 30, 2025

Reference: 2024-001

Condition - The District's general fund unassigned fund balance was in excess of 4% of the 2024-2025 budgeted appropriations as of June 30, 2024.

Status - As of June 30, 2025, the District remains in excess of 4%. This finding is repeated in the current year as finding 2025-001.



Hempstead Union Free School District 2024 – 2025 Financials Corrective Action Plan

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Superintendent of Schools

Regina Armstrong
Superintendent of Schools

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James E. Clark
Assistant Superintendent
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(516) 434-4000 Ext. 4014

Gary Rush
Interim Asst. Superintendent
for Curriculum & Instruction
(516) 434-4000 Ext. 4031

Jamal Scott
Assistant Superintendent
for Business & Operations
(516) 434-4000 Ext. 4061

Djuana Wilson
Assistant Superintendent
for Special Education
(516) 434-4000 Ext. 4091

Current Finding (2025-001) New York State Property Tax Law § 1318

The District's unrestricted fund balance at June 30, 2025 after excluding amounts assigned for the subsequent year and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2025, this portion of the District's unrestricted fund balance is \$30,824,863, which is 8.59% of the 2025-26 voter approved General Fund budget.

Corrective Action Plan

- (a) Implementation plan of actions: Management will closely monitor fund balance throughout the following fiscal year and during the budget planning process.
- (b) Implementation date: This will be implemented on November 1st, 2025.
- (c) Person responsible for implementation: Jamal Scott, Assistant Superintendent for Business and Operations.
- (d) Completion date: This will be completed on or prior to June 30th 2026.