HEMPSTEAD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2026

HEMPSTEAD UNION FREE SCHOOL DISTRICT

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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, 2026, 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, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 54 through 59 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, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 15, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2026. 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.

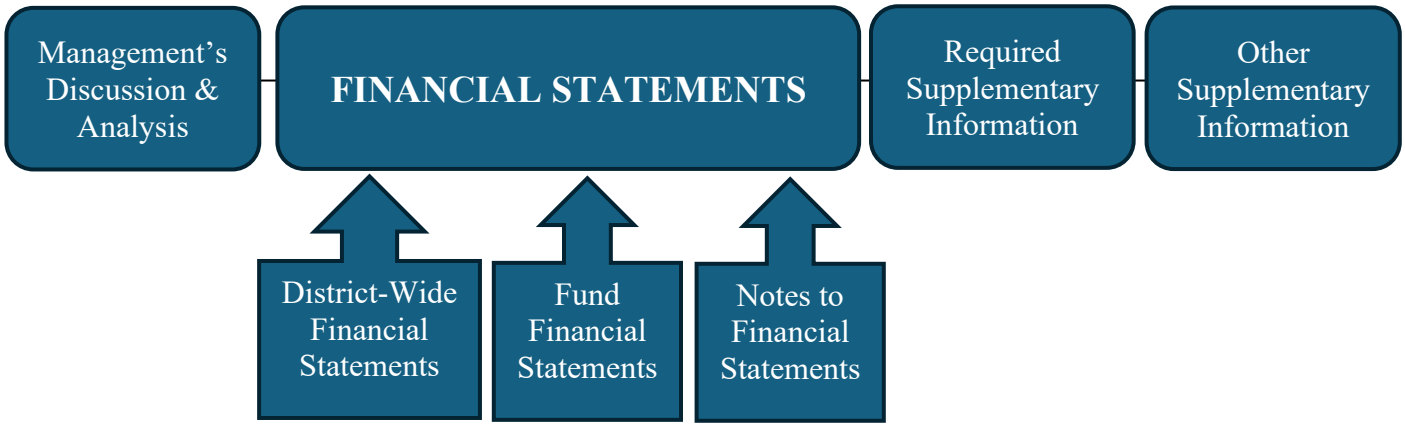
Basic Financial Statements:

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

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

Organization of the District's Annual Financial Report



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.

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;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Report long-term debt as a liability;
- 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.
  - *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.

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.

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.

FINANCIAL SUMMARY

Net Position:

A summary of the Statements of Net Position as of June 30, 2026 and 2025 are as follows:

	2026	2025*	Increase / (Decrease)	Percentage Change
Other assets	$ 216,238,276	173,180,032	43,058,244	24.86%
Capital assets, net	121,657,657	105,438,709	16,218,948	15.38%
Total assets	337,895,933	278,618,741	59,277,192	21.28%
Deferred outflows of resources	66,441,535	62,603,968	3,837,567	6.13%
Total assets and deferred outflows of resources	$ 404,337,468	341,222,709	63,114,759	18.50%
Other liabilities	$ 110,580,943	84,671,008	25,909,935	30.60%
Long-term liabilities	371,701,946	344,106,592	27,595,354	8.02%
Total liabilities	482,282,889	428,777,600	53,505,289	12.48%
Deferred inflows of resources	86,813,062	113,231,046	(26,417,984)	(23.33%)
Total liabilities and deferred inflows of resources	569,095,951	542,008,646	27,087,305	5.00%
Net investment in capital assets	18,059,357	25,830,219	(7,770,862)	(30.08%)
Restricted	95,969,590	66,735,244	29,234,346	43.81%
Unrestricted (deficit)	(278,787,430)	(293,351,400)	14,563,970	4.96%
Total net position (deficit)	(164,758,483)	(200,785,937)	36,027,454	17.94%
Total liabilities, deferred inflows of resources and net position (deficit)	$ 404,337,468	341,222,709	63,114,759	18.50%

*** -** As restated for correction of an error, see Note 20, for further details.

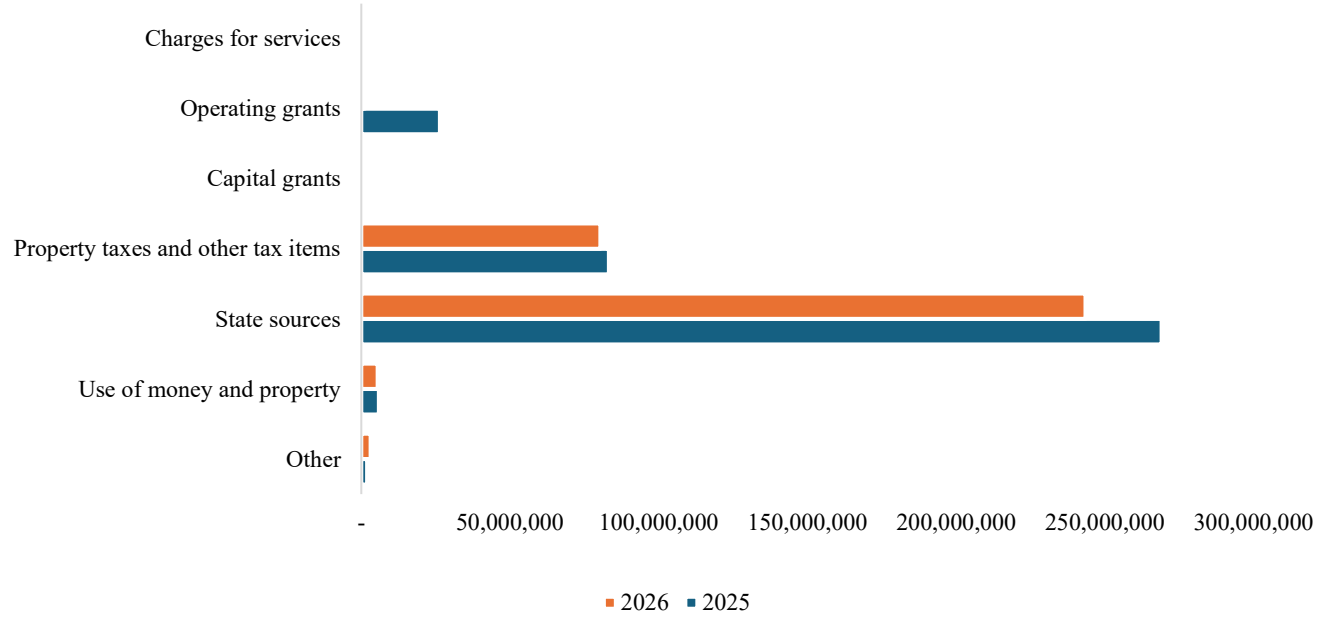
Changes in Net Position:

A summary of these Statements of Activities for the years ended June 30, 2026 and 2025 are as follows:

	2026	2025	Increase / (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	$ 1,312,519	641,720	670,799	104.53%
Operating grants and contributions	26,426,846	27,613,758	(1,186,912)	(4.30%)
Capital grants and contributions	1,250,870	1,299,032	(48,162)	(3.71%)
General revenues				
Property taxes and other tax items	83,247,316	80,371,294	2,876,022	3.58%
State sources	269,083,733	243,527,451	25,556,282	10.49%
Use of money and property	5,904,707	5,480,563	424,144	7.74%
Other	1,950,352	3,148,713	(1,198,361)	(38.06%)
Total revenues	389,176,343	362,082,531	27,093,812	7.48%
Expenses				
General support	36,140,303	33,035,946	3,104,357	9.40%
Instruction	292,997,557	269,122,707	23,874,850	8.87%
Pupil transportation	12,482,363	10,879,790	1,602,573	14.73%
Community services	17,443	8,802	8,641	98.17%
Food service program	5,071,854	4,507,515	564,339	12.52%
Debt service - interest	6,439,369	6,988,213	(548,844)	(7.85%)
Total expenses	353,148,889	324,542,973	28,605,916	8.81%
Total change in net position	$ 36,027,454	37,539,558	(1,512,104)	(4.03%)

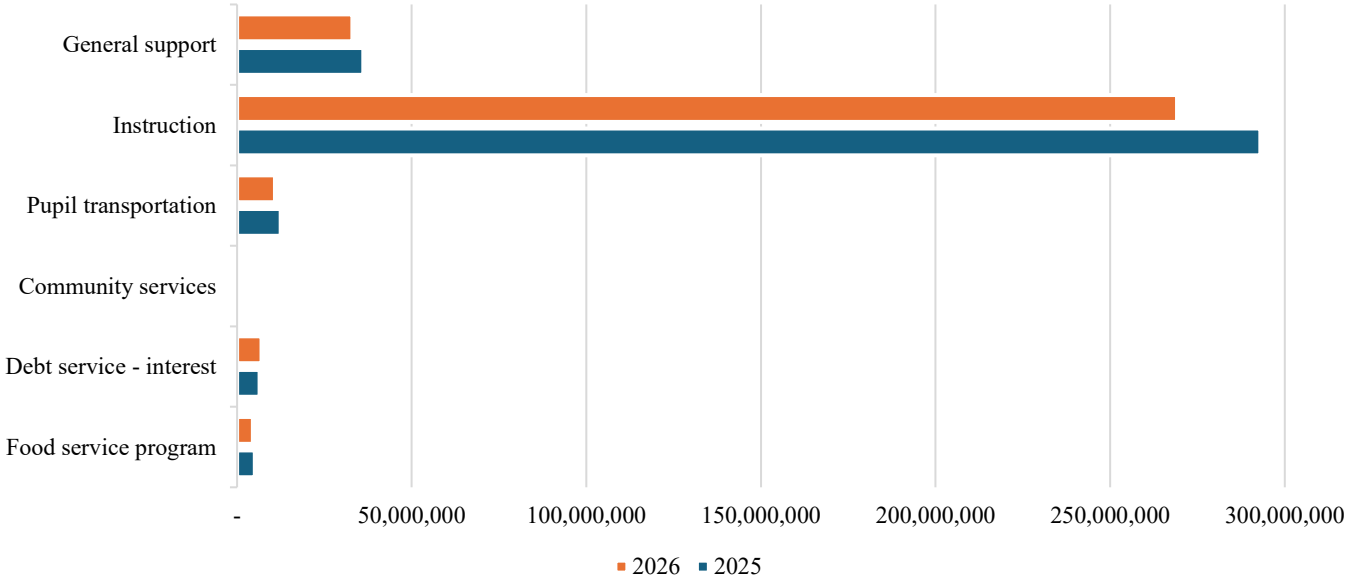
The effect of the correction of an error, could not be determined for the fiscal year 2025. Therefore, fiscal year 2025 figures are not restated.

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



	Charges for services	Operating grants and contributions	Capital grants and contributions	Property taxes and other tax items	State source	Use of money and property	Other
2026	0.34%	6.79%	0.32%	21.39%	69.14%	1.52%	0.50%
2025	0.18%	7.63%	0.36%	22.20%	67.26%	1.51%	0.86%

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



	General support	Instruction	Pupil Transportation	Community service	Debt service - interest	Food service program
2026	10.23%	82.97%	3.53%	0.01%	1.82%	1.44%
2025	10.18%	82.92%	3.35%	0.01%	2.15%	1.39%

DETAILED ANALYSES

District-Wide Financial Analysis

Other assets increased by $43,058,244 or 24.86% from 2025 to 2026. The major contributors to the increase include:

- Cash and equivalents increased by $27,254,614, as a result of revenues exceeding expenses by $36,027,454.
- State and federal aid receivable increased by $2,853,047, as a result of increases in excess cost of $1,082,298, State grants of $3,719,914 and Federal grants of $3,085,335 offset by decreases in general aid of $1,656,616, SmartBond Act aid of $1,956,322 and BOCES aid of $1,415,562. The increases in grant receivables is due to higher than anticipated expenses towards year-end and late approval on special education cluster during the fiscal year.
- Net pension asset - proportionate share for New York State Teachers' Retirement System ("NYSTRS") increased by $9,932,154 or 87.91% from 2025 to 2026. This change is due to fluctuations in the actuarially determined net pension asset of the NYSTRS. This was the result of several factors including differences between expected and actual experience, changes in the assumptions related to the pension plans, net difference between projected and actual earnings on pension plan investments and any change in the District's proportionate share to the plans as a whole. See Note 14 for further details.

Other liabilities increased by $25,909,935 or 30.60% from 2025 to 2026. The major contributors to the increase include:

- Accounts payable increased by $9,477,091, as result of BOCES invoice related to June services and the final invoice being received later than normal and invoice for charter schools received subsequent to June 30, 2026.
- Bond anticipated note payable increased by $17,060,400. This is attributable to additional short-term borrowing to finance capital project expenditures. The increase reflects the District's financing needs related to ongoing capital projects during the fiscal year.
- Due to other governments increased by $1,417,635, as a result of an increase in parentally placed students and health and welfare services from other Districts.
- These increases were offset by a decrease in accrued liabilities of $957,961 which is attributed to a decrease in open legal claims at year end due to settlements and/or a ruling in the Districts' favor.
- These increases were offset by a decrease in reserve for excess tax $1,096,403, due to the District recognizing the excess tax levy from 2023-2024 and 2024-2025 as revenue to offset other budget needs of the District.

Net pension liability - proportionate share for New York State Employees' Retirement System ("NYSERS") decreased by $5,154,863 or 68.81% as compare to prior year. This changes is due to fluctuations in the actuarially determined net pension liability of the NYSERS. This was the result of several factors including differences between expected and actual experience, changes in the assumptions related to the pension plans, net difference between projected and actual earnings on pension plan investments and any change in the District's proportionate share to the plans as a whole. See Note 14 for further details.

The District's total other postemployment benefits (OPEB) obligation increased from the prior year by $32,751,819 or 12.31%. This was the result of several factors including service cost, interest on total OPEB obligation, and changes in assumptions or other inputs offset by the District's benefit payments. See Note 15 for further details.

The changes in deferred inflows and outflows of resources relate to changes in the District's pension and other post-employment benefits plans. Factors affecting the District's pension plans include amortization of pension related items, contributions subsequent to the measurement date, and changes in actuarial assumptions, as discussed in Note 14. Factors affecting the District's other post-employment benefit plan include service costs, interest costs, and changes in actuarial assumptions, as discussed in Note 15.

Changes to capital assets and long-term liabilities are discussed in the Significant Capital Assets and Long-Term Financing Activities section below.

Changes to net position, including all three components, are discussed below.

For the District's year ended June 30, 2026 revenue totaled $389,176,343 which is an increase from the prior year by $27,093,812 or 7.48%. The most significant changes in revenue include:

- Property and other taxes increased by $2,876,022 or 3.58%. The increase is attributed to the District receiving new PILOTs payments during the fiscal year. The District maintained a 0% increase in property tax levy.
- State sources increased by $25,556,282 or 10.49%. This was primarily a result of increases in general aid of $21,244,396, excess cost aid of $1,531,177, and lottery aid of $3,654,314 and offset by a decrease BOCES aid of $932,209. State aid increases are due to an increase in State aid allocation to the District based on poverty level and student enrollment increase at charter schools.
- Operating grants and contributions decreased $1,186,912 or 4.30%. This was primarily attributed to the COVID related grants funding ending and decrease in universal pre-k program grants.
- Other revenues decreased by $1,198,361 or 38.06%. This was driven by a decreases in refund of prior year expenditures for BOCES and other miscellaneous revenues.

For the District's year ended June 30, 2026 expenses totaled $353,148,889 which is an increase from the prior year by $28,605,916 or 8.81%. The most significant changes in expenses include:

- General support increased by $3,104,357 or 9.40%. The increase was due to an increase in payroll of $1,859,935 mainly driven by collectively bargained contractual increases, additional staff to meet the District's needs, and additional time for snow removal. Additionally, BOCES services for operation of plan and central data processing increased by $165,113 and $408,764, respectively. Contractual services for resource officer also increased by $137,841 to meet the District student safety needs.
- Instruction increased by $23,874,850 or 8.87%. The increase was due to increases in payments to charter schools of $14,239,827 due to increase in student enrollment, an increase in tuition payments and related services of $2,397,670 for students with disabilities due increase in students attending outside programs, BOCES services of $640,176, and increases in allocation for depreciation of capital assets, and pension and OPEB expenses.
- Pupil transportation increased by $1,602,573 or 14.73%. This increase is directly correlated to an increase in transportation cost related to nonpublic schools, including charter schools.

- Changes in the proportionate share of net pension asset/liability, and OPEB and related deferred inflows and outflows resulted in an expense of $(1,955,240) and $(4,934,244), respectively, totaling $(6,889,484) in 2026. In 2025 this amount totaled $12,378,531. This represents a decrease of $19,268,015 which has been allocated to several expense groupings. These amounts change significantly each year due to market conditions and actuarial assumptions.

Governmental Funds

General Fund:

Fund balance of the general fund increased by $29,341,137 for the year ended June 30, 2026 to a total fund balance of $124,768,836. As of June 30, 2026, the general fund has $73,151,753 and $17,230,794 reported as restricted and assigned fund balance, respectively. See Note 1(t) for further details.

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

	Balance June 30, 2025	Use of Reserve	Interest	Funding	Balance June 30, 2026
Workers' compensation	$ 11,301,101	-	413,882	-	11,714,983
Retirement contribution:					
employees' retirement system	7,687,802	-	281,552	250,000	8,219,354
teachers' retirement system	5,701,989	-	208,824	1,425,000	7,335,813
Employee benefit accrued liability	8,192,505	-	300,035	300,000	8,792,540
Unemployment insurance	1,277,593	-	46,789	-	1,324,382
Insurance	473,128	-	17,328	5,000,000	5,490,456
Capital reserve	19,215,977	-	703,750	10,354,498	30,274,225
	$ 53,850,095	-	1,972,160	17,329,498	73,151,753

The general fund revenues and other financing sources increased by $26,913,512 as compared to the prior year. The major contributors to the increase include PILOT and state sources and discussed above.

The general fund expenditures and other financing uses increased by $25,494,853 as compared to the prior year. The major contributors to the increase include payroll, BOCES, tuition and transportation as discussed above.

Special Aid Fund:

The special aid fund did not have any fund balance as of June 30, 2026. This fund does not typically report an operating gain or loss as it primarily operates to oversee specific State, Federal, and local grants. Revenue is recognized as allowable expenditures are incurred. Overall total expenditures decreased by $710,775 due to decreases in American Rescue Plan (ARP) funds of $1,706,715 and universal pre-kindergarten of $2,744,441, offset by increases in NYS Recovery grant of $694,295, NYS Smart Scholars of $315,039, and Title I-Part A of $2,548,057. These changes are due to COVID related grants ending and changes to the District's respective grant allocation.

School Food Service Fund:

Fund balance of the school food services fund increased by $224,203 for the year ended June 30, 2026 to a total fund balance of $1,528,849. This increase was primarily due to operating revenue in excess of expenditures. As of June 30, 2026, the school food service fund reported $24,177 nonspendable fund balance. This represents inventory and this fund balance cannot be spent as it is already earmarked for inventoriable expenditures.

Special Revenue Fund:

Fund balance of the special revenue fund increased by $534 for the year ended June 30, 2026 to a total fund balance of $87,435. This increase is attributed to extraclassroom and student activities revenues in excess of extraclassroom and student activities expenditures in the current year. The entire fund balance for the miscellaneous fund is restricted for extraclassroom and scholarship activities.

Capital Projects Fund:

Fund balance of the capital projects fund decreased by $22,498,858 for the year ended June 30, 2026 to a total fund balance (deficit) of $40,529,798. The continues its efforts on major building improvements District-wide through voter approved bond referendums. The District transferred from the general fund $950,000 for building improvements as approved by District voters. The District also redeemed $420,000 for bond anticipation notes payable principal from available funds. These items combined provided the District long-term financing for capital projects. The fund had $25,119,698 of capital outlay expenditures. As of June 30, 2026, the capital projects fund reported $1,500,000 in restricted capital reserve fund balance. The fund balance (deficit) in the capital projects fund will be corrected once permanent financing is obtained through bond issuances.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District paid for equipment, and various building additions and renovations during the 2026 fiscal year. A summary of the District's capital assets are as follows:

Category	2026	2025 *	Increase/ (Decrease)	Percentage Change
Land	$ 1,695,948	1,695,948	-	0.00%
Construction in progress	33,989,831	27,418,320	6,571,511	23.97%
Buildings and building improvements	159,294,046	142,952,866	16,341,180	11.43%
Furniture and equipment	9,219,477	7,712,895	1,506,582	19.53%
Site improvements	3,082,837	2,303,590	779,247	33.83%
Total capital assets	207,282,139	182,083,619	25,198,520	13.41%
Less accumulated depreciation	85,624,482	76,644,910	8,979,572	11.72%
Total net capital assets	$ 121,657,657	105,438,709	16,218,948	15.38%

Significant capital asset activity included:

- * - Performed a physical inventory resulting in the restatement of capital assets for correction of an error. See note 20 for further details.
- Continued work on bond projects totaling $23,165,842.
- Submitted SmartBond Act expenditures of $1,250,870.
- Filed Final Cost Reports on completed projects totaling $67,336,029.

See Note 10 for further details.

Long-Term Financing Activity

At June 30, 2026, the District had total long-term financing liabilities of $52,685,683 A summary of outstanding long-term financing as of June 30, 2026 and 2025 is as follows:

	2026	2025 *	Increase/ (Decrease)
Serial bonds including premium	$ 43,533,281	45,574,531	(2,041,250)
Energy performance contract debt	9,152,402	9,806,538	(654,136)
Total debt	$ 52,685,683	55,381,069	(2,695,386)

Significant long-term financing activity included:

- Paid principal on debt of $2,594,136 and amortized premium on bond issuance of $101,250.
- Maintained a credit rating of A/Stable from Standard & Poors.

See Note 13 for further details.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- On May 19, 2026, the proposed 2026-2027 budget in the amount of $378,202,077 was authorized by the District residents. The budget passed by 76.66% of those who voted. This is an increase of $19,369,172 or 5.4% over the previous year's budget.
- 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, 2026 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 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, 2026, the District provided $820,000 of funding from local sources. The District has not issued any bonds related to these projects.

- 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, 2026, the District has not issued any bonds related to these projects.
- 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).
- The District issued bond anticipation notes on July 8, 2026, in the amount of $107,795,400, which will mature on July 8, 2027 bearing a stated interest rate of 4.00%. The District received a premium of $1,214,854 with the borrowing to yield an effective interest rate of 2.87%.
- Payments to charter schools represents one of the District's largest general fund's expenditures. During the year ended June 30, 2026, these expenditures totaled $96,430,870 which was 29% of the total general fund expenditures. The amount that the District budgets for each year is dependent upon the enrollment estimates that the charter schools provide to the District. During the year ended June 30, 2026 the District budgeted $106,452,182 resulting in budgetary savings of $10,021,312 due to inaccurate enrollment estimates provided to the District.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2026

ASSETS	
Current assets	
Cash and equivalents	
Unrestricted	$ 75,866,321
Restricted	78,853,871
Receivables	
Taxes receivable	4,936,270
State and federal aid	32,471,530
Due from other governments	2,298,875
Accounts receivable	556,830
Inventories	24,177
Non-current assets	
Capital assets	
Capital assets not being depreciated	35,685,779
Capital assets being depreciated, net of accumulated depreciation	85,971,878
Net pension asset - proportionate share NYSTRS	21,230,402
TOTAL ASSETS	337,895,933
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - NYSERS	3,541,326
Deferred outflows of resources - NYSTRS	27,267,936
Total other post-employment benefit obligation	35,632,273
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 404,337,468
LIABILITIES	
Payables	
Accounts payable	$ 25,912,037
Accrued liabilities	704,265
Accrued interest payable	2,890,727
Bond anticipation note payable	68,660,400
Due to other governments	1,818,500
Due to teachers' retirement system	7,769,907
Due to employees' retirement system	1,006,068
Compensated absences payable	523,361
Reserve for excess tax levy	305,123
Unearned credits	
Collections in advance	990,555
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	2,131,250
Energy performance contract debt	674,436
Compensated absences payable	1,000,000
Total other post-employment benefits obligation	10,139,894
Due and payable after one year	
Bonds payable, net	41,402,031
Energy performance contract debt	8,477,966
Compensated absences payable	7,793,313
Termination benefits payable	342,000
Workers' compensation claims payable	8,716,001
Net pension liability - proportionate share NYSERS	2,337,076
Total other post-employment benefits obligation	288,687,979
TOTAL LIABILITIES	482,282,889
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - NYSERS	4,390,835
Deferred inflows of resources - NYSTRS	17,419,729
Total other post-employment benefits obligation	65,002,498
TOTAL DEFERRED INFLOWS OF RESOURCES	86,813,062
NET POSITION	
Net investment in capital assets	18,059,357
Restricted	
Workers' compensation	11,714,983
Retirement contribution - NYS employees' retirement system	8,219,354
Retirement contribution - NYS teachers' retirement system	7,335,813
Employee benefit accrued liability	8,792,540
Unemployment insurance	1,324,382
Insurance	5,490,456
Capital projects	31,774,225
Scholarships	41,141
Extraclassroom and other student activities	46,294
Pension plan – NYSTRS	21,230,402
	95,969,590
Unrestricted (deficit)	(278,787,430)
TOTAL NET POSITION (DEFICIT)	(164,758,483)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	$ 404,337,468

See Accompanying Notes to Financial Statements

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Changes for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS / PROGRAMS					
General support	$ (36,140,303)	$ -	$ -	$ -	$ (36,140,303)
Instruction	(292,997,557)	1,244,394	21,277,458	1,250,870	(269,224,835)
Pupil transportation	(12,482,363)	-	-	-	(12,482,363)
Community services	(17,443)	-	-	-	(17,443)
Food service program	(5,071,854)	68,125	5,149,388	-	145,659
Debt service - interest	(6,439,369)	-	-	-	(6,439,369)
TOTAL FUNCTIONS AND PROGRAMS	$ (353,148,889)	$ 1,312,519	$ 26,426,846	$ 1,250,870	(324,158,654)
GENERAL REVENUES					
Real property taxes					73,178,622
Other tax items - including STAR reimbursement					10,068,694
Use of money and property					5,904,707
Sale of property and compensation for loss					176,974
Miscellaneous					1,756,946
State sources					269,083,733
Medicaid reimbursement					16,432
TOTAL GENERAL REVENUES					360,186,108
CHANGE IN NET POSITION					36,027,454
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					(186,151,594)
CORRECTION OF ERROR (NOTE 20)					(14,634,343)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED					(200,785,937)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					$ (164,758,483)

See Accompanying Notes to Financial Statements

HEMPSTEAD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Cash and equivalents						
Unrestricted	$ 74,894,717	$ 326,063	$ 645,541	$ -	$ -	$ 75,866,321
Restricted	73,151,753	-	-	76,919	5,625,199	78,853,871
Receivables						
Taxes receivable	4,936,270	-	-	-	-	4,936,270
State and federal aid	8,263,071	22,177,959	461,787	-	1,568,713	32,471,530
Due from other governments	2,298,875	-	-	-	-	2,298,875
Accounts receivable	539,532	17,298	-	-	-	556,830
Due from governmental funds	19,742,194	-	597,396	13,641	27,430,694	47,783,925
Inventories	-	-	24,177	-	-	24,177
TOTAL ASSETS	$ 183,826,412	$ 22,521,320	$ 1,728,901	$ 90,560	$ 34,624,606	$ 242,791,799
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE						
Payables						
Accounts payable	$ 18,092,029	$ 1,123,610	$ 199,269	$ 3,125	$ 6,494,004	$ 25,912,037
Accrued liabilities	635,114	68,368	783	-	-	704,265
Bond anticipation note payable	-	-	-	-	68,660,400	68,660,400
Due to other governments	1,818,500	-	-	-	-	1,818,500
Due to governmental funds	27,445,138	20,338,787	-	-	-	47,783,925
Due to teachers' retirement system	7,769,907	-	-	-	-	7,769,907
Due to employees' retirement system	1,006,068	-	-	-	-	1,006,068
Compensated absences	523,361	-	-	-	-	523,361
Reserve for excess tax levy	305,123	-	-	-	-	305,123
Unearned credits						
Collections in advance	-	990,555	-	-	-	990,555
TOTAL LIABILITIES	57,595,240	22,521,320	200,052	3,125	75,154,404	155,474,141
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,462,336	-	-	-	-	1,462,336
TOTAL DEFERRED INFLOWS OF RESOURCES	1,462,336	-	-	-	-	1,462,336
FUND BALANCES						
Nonspendable - inventory	-	-	24,177	-	-	24,177
Restricted						
Workers' compensation	11,714,983	-	-	-	-	11,714,983
Retirement contribution - NYS employees' retirement system	8,219,354	-	-	-	-	8,219,354
Retirement contribution - NYS teachers' retirement system	7,335,813	-	-	-	-	7,335,813
Employee benefit accrued liability	8,792,540	-	-	-	-	8,792,540
Unemployment insurance	1,324,382	-	-	-	-	1,324,382
Insurance	5,490,456	-	-	-	-	5,490,456
Capital	30,274,225	-	-	-	1,500,000	31,774,225
Scholarships	-	-	-	41,141	-	41,141
Extraclassroom and other student activities	-	-	-	46,294	-	46,294
Assigned						
Appropriated fund balance	16,544,292	-	-	-	-	16,544,292
Unappropriated fund balance	686,502	-	1,504,672	-	-	2,191,174
Unassigned fund balance (deficit)	34,386,289	-	-	-	(42,029,798)	(7,643,509)
TOTAL FUND BALANCES (DEFICIT)	124,768,836	-	1,528,849	87,435	(40,529,798)	85,855,322
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 183,826,412	$ 22,521,320	$ 1,728,901	$ 90,560	$ 34,624,606	$ 242,791,799

See Accompanying Notes to Financial Statements

HEMPSTEAD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Governmental Fund Balances		$ 85,855,322
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	$ 207,282,139	
Accumulated depreciation	(85,624,482)	121,657,657
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.		1,462,336
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	21,230,402	
Proportionate share of net pension liability - NYSERS	(2,337,076)	
Deferred outflows of resources - NYSERS and NYSTRS pension related	30,809,262	
Deferred inflows of resources - NYSERS and NYSTRS pension related	(21,810,564)	27,892,024
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	35,632,273	
Total other post-employment benefits obligation	(298,827,873)	
Deferred inflows of resources - OPEB related	(65,002,498)	(328,198,098)
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	(43,533,281)	
Energy performance contract debt	(9,152,402)	
Compensated absences payable	(8,793,313)	
Termination benefits payable	(342,000)	
Workers' compensation claims payable	(8,716,001)	(70,536,997)
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.		(2,890,727)
Total Net Position (Deficit)		$ (164,758,483)

See Accompanying Notes to Financial Statements

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 73,178,622	$ -	$ -	$ -	$ -	$ 73,178,622
Other tax items - including STAR reimbursement	10,068,694	-	-	-	-	10,068,694
Charges for services	1,004,885	-	-	-	-	1,004,885
Use of money and property	5,904,006	-	451	250	-	5,904,707
Sale of property and compensation for loss	176,974	-	-	-	-	176,974
Miscellaneous	1,361,630	6,826	5,233	102,686	-	1,476,375
Interfund revenues	87,968	-	-	-	-	87,968
Local sources	-	18,758	-	-	-	18,758
State sources	269,083,733	13,689,321	97,316	-	1,250,870	284,121,240
Medicaid reimbursement	16,432	-	-	-	-	16,432
Federal sources	205,141	7,357,412	4,899,098	-	-	12,461,651
Surplus food	-	-	152,974	-	-	152,974
Sales	-	-	68,125	-	-	68,125
TOTAL REVENUES	361,088,085	21,072,317	5,223,197	102,936	1,250,870	388,737,405
EXPENDITURES						
General support	29,271,686	-	-	-	-	29,271,686
Instruction	233,902,887	21,944,947	-	102,402	-	255,950,236
Pupil transportation	12,040,678	-	-	-	-	12,040,678
Community services	12,000	-	-	-	-	12,000
Employee benefits	45,520,109	-	865,670	-	-	46,385,779
Debt service - principal	3,014,136	-	-	-	-	3,014,136
Debt service - interest	6,162,852	-	-	-	-	6,162,852
Cost of sales	-	-	4,133,324	-	-	4,133,324
Capital outlay	-	-	-	-	25,119,698	25,119,698
TOTAL EXPENDITURES	329,924,348	21,944,947	4,998,994	102,402	25,119,698	382,090,389
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,163,737	(872,630)	224,203	534	(23,868,828)	6,647,016
OTHER FINANCING SOURCES (USES)						
BANs redeemed from appropriations	-	-	-	-	420,000	420,000
Operating transfers in	30	872,630	-	-	950,000	1,822,660
Operating transfers (out)	(1,822,630)	-	-	-	(30)	(1,822,660)
TOTAL OTHER FINANCING SOURCES (USES)	(1,822,600)	872,630	-	-	1,369,970	420,000
NET CHANGE IN FUND BALANCES	29,341,137	-	224,203	534	(22,498,858)	7,067,016
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	95,427,699	-	1,304,646	86,901	(18,030,940)	78,788,306
FUND BALANCES (DEFICIT) - END OF YEAR	$ 124,768,836	$ -	$ 1,528,849	$ 87,435	$ (40,529,798)	$ 85,855,322

See Accompanying Notes to Financial Statements

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, 2026

Net Change in Fund Balance		$ 7,067,016
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.		526,906
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, 2026 changed by:		(908,515)
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, 2026 changed by:		2,500
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, 2026 changed by:		(1,787,769)
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, 2026 changed by:		(32,751,819)
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, 2026 changed by:		33,576,623
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, 2026 changed by:		4,380,846
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	$ 25,198,520	
Depreciation expense	(8,979,572)	16,218,948
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	1,940,000	
Energy performance contract debt	654,136	2,594,136
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, 2026 changed by:		(377,767)
Pension Differences		
Increases/decreases in proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
New York State Employees' retirement system	(65,344)	
New York State Teachers' retirement system	7,450,443	7,385,099
Change in Net Position of Governmental Activities		$ 36,027,454

See Accompanying Notes to Financial Statements

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).

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.

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:

i) Calendar

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, New York, and remitted to the District during the period October 1st through November 10th, and April 1st through May 10th without penalty.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County, New York (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.

iii) School Tax Relief (STAR) Aid

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

F) 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 equivalents:

The District's cash and 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.

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 inventoriable 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, 2026.

M) Capital assets:

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

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

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

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.

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.

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

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

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

In the fund financial statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-

as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Termination benefits

In addition to the compensated absences, the teachers assistants contracts with the District provide for the lump sum payment upon termination of $4,000, $5,500 or $8,500 after 10, 15 or 20 years of employment, respectively. The current estimated value of the payout is $342,000 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.

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) 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.*

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 $24,177.

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 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 $41,141 at June 30, 2026.

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 $46,294 at June 30, 2026.

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, 2026.

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 $40,529,798. 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, 2026 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.

U) Implementation of New Accounting Standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Assets*, effective for the year ended June 30, 2026. This requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

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.

GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Effective for fiscal years beginning after June 15, 2026.

This is the statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact 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 Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

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

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

A) Cash:

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

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

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

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

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, 2026 included $78,853,871 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, 2026, the District was billed $52,053,281 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $5,787,918. Financial statements for the Nassau BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City , New York 11530.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2026 consisted of the following:

General fund	
New York State Aid	
Excess cost aid	$ 4,743,244
BOCES aid	2,655,545
General aid	858,318
Medicare aid	5,964
Total general fund	8,263,071
Special aid fund	
State aid	15,349,899
Federal aid	6,828,060
Total special aid fund	22,177,959
School food service fund	
State food service program reimbursement	$ 20,287
Federal food service program reimbursement	441,500
Total school food service fund	461,787
Capital projects fund	
State aid - SmartBonds	1,568,713
Total - all funds	$ 32,471,530

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General fund	
Other districts - Tuition and health services	$ 898,634
Town of Hempstead - PILOT	1,400,241
Total	$ 2,298,875

The general fund receivables include $898,634 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.

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2026 consisted of the following:

General fund	
Other Districts - Tuition and health services	$ 1,818,500

NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2026 consisted of the following:

Special aid fund	
Grant funds received in advance	$ 990,555

NOTE 10 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Government activities:				
Capital assets that are not depreciated:				
Land	$ 1,695,948	-	-	1,695,948
Construction in progress	27,418,320	25,119,698	(18,548,187)	33,989,831
Total capital assets not depreciated	29,114,268	25,119,698	(18,548,187)	35,685,779
Capital assets that are depreciated:				
Building and building improvements	142,952,866	-	16,341,180	159,294,046
Furniture and equipment	7,712,895	78,822	1,427,760	9,219,477
Site improvements	2,303,590	-	779,247	3,082,837
Total depreciable historical cost	152,969,351	78,822	18,548,187	171,596,360
Less accumulated depreciation:				
Building and building improvements	71,303,689	7,117,356	-	78,421,045
Furniture and equipment	3,281,315	1,767,906	-	5,049,221
Site improvements	2,059,906	94,310	-	2,154,216
Total accumulated depreciation	76,644,910	8,979,572	-	85,624,482
Total capital assets, net	$ 105,438,709	16,218,948	-	121,657,657

* - As restated, see note 20 for further details.

Depreciation expense was charged to governmental functions as follows:

General support	$ 730,317
Instruction	7,788,264
Transportation	388,131
Food service program	72,860
	$8,979,572

NOTE 11 – INTERFUND TRANSACTIONS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	$ 19,742,194	$ 27,445,138	$ 30	$ 1,822,630
Special aid fund	-	20,338,787	872,630	-
School food service fund	597,396	-	-	-
Special revenue fund	13,641	-	-	-
Capital projects fund	27,430,694	-	950,000	30
Total government activities	$ 47,783,925	$ 47,783,925	$ 1,822,660	$ 1,822,660

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 $950,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2025-2026 school budget to fund various school improvement projects. The capital projects fund transferred $30 to the general fund for unspent capital projects proceeds.

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, 2026, the District issued and redeemed revenue anticipation notes in the amount of $29,000,000. Additionally, the District issued bond anticipation notes in the amount of $68,660,440 and redeemed $51,600,000 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:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/10/2025	4.50%	51,600,000	-	51,600,000	-
BAN	7/9/2026	4.00%	-	68,660,440	-	68,660,440
RAN	6/30/2026	4.00%	-	29,000,000	29,000,000	-
	Total		$ 51,600,000	$ 97,660,440	$ 80,600,000	$ 68,660,440

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

	Total
Interest paid	$ 3,840,554
Less interest accrued in the prior year	(2,225,250)
Plus interest accrued in the current year	2,631,982
Total expense	$ 4,247,286

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	$ 43,250,000	-	1,940,000	41,310,000	2,030,000
Add: Deferred premium on bond issuance	2,324,531	-	101,250	2,223,281	101,250
	45,574,531	-	2,041,250	43,533,281	2,131,250
Other long-term liabilities:					
Energy performance contract debt payable	9,806,538	-	654,136	9,152,402	674,436
Compensated absences payable*	7,884,798	908,515	-	8,793,313	1,000,000
Termination benefits payable	344,500	-	2,500	342,000	-
Workers' compensation claims payable	6,928,232	4,521,318	2,733,549	8,716,001	-
Net pension liability-proportionate share-NYSERS	7,491,939	2,549,695	7,704,558	2,337,076	-
Total other post-employment benefits obligation	266,076,054	42,891,713	10,139,894	298,827,873	10,139,894
Total long-term liabilities	$ 344,106,592	50,871,241	23,275,887	371,701,946	13,945,580

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. The change in compensated absences is shown as net.

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%	$ 2,060,000
QZAB Bonds	10/02/13	07/15/28	1.15 - 5.30%	1,185,000
Serial Bonds	06/15/24	06/15/48	4.125-5.00%	38,065,000
				$ 41,310,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,205,000	1,600,894	2,805,894
2032-2036	7,000,000	7,036,469	14,036,469
2037-2041	8,930,000	5,103,969	14,033,969
2042-2046	11,380,000	2,656,881	14,036,881
2047-2048	5,280,000	328,969	5,608,969
	$ 41,310,000	23,898,060	65,208,060

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, 2026, 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, 2026 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, 2026, the District provided $820,000 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, 2026, the District has not issued any bonds related to this project.

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, 2026, the District has not issued any bonds related to these projects.

B) Energy performance contract:

Energy performance contract debt comprises the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy performance debt	7/26/2022	7/26/2037	3.06%	$ 9,152,402

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	762,133	189,005	951,138
2032-2036	4,180,455	575,235	4,755,690
2037-2038	1,383,873	42,834	1,426,707
	$ 9,152,402	1,785,685	10,938,087

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
2027	$ 101,250
2028	101,250
2029	101,250
2030	101,250
2031	101,250
2032-2036	506,250
2037-2041	506,250
2042-2046	506,250
2047-2048	198,281
	$ 2,223,281

Long-Term Interest

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

	Total
Interest paid	$ 2,322,298
Less interest accrued in the prior year	(287,710)
Plus interest accrued in the current year	258,745
Less amortization of bond premium	(101,250)
Total expense	$ 2,192,083

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 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 Ended	NYSERS	NYSTRS
2026	$2,549,695	6,523,283
2025	2,325,163	7,114,266
2024	1,951,939	6,984,482

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

At June 30, 2026, the District reported the following asset 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, 2026 for NYSERS and June 30, 2025 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, 2026	June 30, 2025
District's proportionate share of the net pension asset/(liability)	$ (2,337,076)	21,230,402
District's portion of the Plan's total net pension asset/(liability)	0.0414247%	0.358558%
Change in proportion since the prior measurement date	(0.002271)	(0.020119)

For the year ended June 30, 2026, the District recognized pension expense/(revenue) of $2,834,823 and ($879,583) for NYSERS and NYSTRS, respectively. At June 30, 2026 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	$ 1,337,412	11,129,464	-	-
Changes of assumptions	401,173	8,404,455	-	228,899
Net difference between projected and actual investment earnings on pension plan investments	-	-	4,190,507	16,580,891
Changes in proportion and differences between the District's contributions and proportionate share of contributions	796,673	1,210,734	200,328	609,939
District's contributions subsequent to the measurement date	1,006,068	6,523,283	-	-
Total	$ 3,541,326	27,267,936	4,390,835	17,419,729

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 Ending	NYSERS	NYSTRS
2027	$ 1,168,215	11,054,692
2028	(1,296,956)	(4,402,297)
2029	(789,026)	(4,781,139)
2030	(937,810)	(935,949)
2031	-	1,952,425
Thereafter	-	437,192
	$ (1,855,577)	3,324,924

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:

	NYSERS	NYSTRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Interest rate	5.90%	6.95%
Salary scale	5.20%	2.04% - 5.80%
Decrement tables	April 1, 2020 - March 31, 2025 System's Experience	July 1, 2019 - June 30, 2024 System's Experience
Inflation rate	2.90%	2.50%
Cost of living adjustments	1.50%	1.40%

For NYSERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 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, 2026 valuation are based on the results of an actuarial experience study for the period April 1, 2020 – March 31, 2025. For NYSTRS, the actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024.

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:

	NYSERS		NYSTRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
	March 31, 2026		June 30, 2025	
Domestic equity	25.0%	3.3%	33.0%	6.7%
International equity	14.0%	5.9%	15.0%	7.4%
Private equity	15.0%	7.0%	9.0%	9.8%
Real estate equity	12.0%	5.2%	11.0%	6.5%
Opportunistic/ Absolute return strategy	3.0%	5.1%		
Real assets	4.0%	5.5%		
Fixed income	22.0%	1.8%		
Cash and cash equivalents	1.0%	0.3%	1.0%	0.6%
Credit	4.0%	5.4%		
Domestic fixed income securities			16.0%	2.6%
High-yield fixed income securities			1.0%	4.7%
Global bonds			2.0%	2.4%
Real estate debt			6.0%	3.8%
Global equities			4.0%	7.0%
Private debt			2.0%	6.1%
	100.0%		100.0%	

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

NYSERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	$ (15,961,589)	$ (2,337,076)	$ 9,053,620

NYSTRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	$ (40,794,486)	$ 21,230,402	$ 73,421,117

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, 2026	June 30, 2025
Employers total pension liability	$ (253,773,040)	$ (148,272,068)
Plan net position	248,131,290	154,193,125
Employers' net pension liability	$ (5,641,750)	$ 5,921,057
Ratio of plan net position to the Employers' total pension liability	97.78%	104.00%

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, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $1,006,068.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November 2026 through a state aid deduction and remittance to NYSTRS. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 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 $1,246,624 and $6,523,283, respectively, as of June 30, 2026. Total accrued NYSTRS contributions as of June 30, 2026 amount to $7,769,907.

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, 2026, totaled $3,185,451.

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, 2026 totaled $100,396.

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 accrue. For the year ended June 30, 2026, the District contributed an estimated $10,139,894 to the Plan including $10,139,894 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 valuation date, the following employees were covered by the benefit terms:

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

Total OPEB Liability:

The District's total OPEB liability of $298,827,873 was measured as of June 30, 2026 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	4.67%
Salary Scale	2.40%
Healthcare cost trend rates	6.60% for 2026 - 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, 2025 through June 30, 2026.

Changes in total OPEB liability:

Total OPEB liability as of July 1, 2025	$ 266,076,054
Service cost	8,422,386
Interest	14,013,623
Changes of assumptions or other inputs	20,455,704
Benefit payments	(10,139,894)
Total net changes	32,751,819
Total OPEB liability as of June 30, 2026	$ 298,827,873

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 5.20% to 4.67%.

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 4.67%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.67%) or 1-percentage-point higher (5.67%) than the current discount rate:

	1% Decrease (3.67%)	Discount Rate (4.67%)	1% Increase (5.67%)
Total OPEB liability	$ 344,069,440	298,827,873	261,957,784

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	$ 253,327,770	298,827,873	356,464,575

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

For the year ended June 30, 2026, the District recognized OPEB expense of $4,934,244. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,374,347	(11,278,537)
Changes of assumptions or other inputs	28,257,926	(53,723,961)
Total	$ 35,632,273	(65,002,498)

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

Fiscal Year Ending June 30,	
2026	$ (19,598,852)
2027	(4,400,519)
2028	(2,644,285)
2029	(2,556,425)
2030	(170,144)
	$ (29,370,225)

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, 2026, the District has recorded potential workers' compensation claims of $8,716,001 and has a workers' compensation reserve balance of $11,714,983.

	2026	2025
Unpaid claims at beginning of year	$ 6,928,232	$ 7,061,331
Incurred claims	4,521,318	2,848,152
Claims payments and adjustments	(2,733,549)	(2,981,251)
Unpaid claims at year end	$ 8,716,001	$ 6,928,232

The District has not purchased any annuity contracts.

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 $7,312,946.

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2026 the District had $686,502 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 $505,000 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 year ended June 30, 2025, 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 $305,123 which will be utilized to reduce the levy for the 2027-2028 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 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 for 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 – CORRECTION OF AN ERROR:

The opening net position was decreased to reflect a correction of an error resulting in a reduction in capital assets, net in the amount of $14,634,343. The error is the result of a physical capital asset inventory and reflects adjustments to historical cost for capital asset additions and disposals, and accumulate depreciation for assets placed in services but not depreciated at the time. Additionally, the District identified constructional in progress assets which were expensed rather than capitalized. The following is a summary of these changes:

	As Previously Reported	As restated	Adjustment
Capital assets that are not depreciated:			
Construction in progress	$ 25,918,320	27,418,320	1,500,000
Capital assets that are depreciated:			
Building and building improvements	142,525,624	142,952,866	427,242
Furniture and equipment	9,421,692	7,712,895	(1,708,797)
Site improvements	2,324,180	2,303,590	(20,590)
Total depreciable historical cost	154,271,496	152,969,351	(1,302,145)
Less accumulated depreciation:			
Building and building improvements	54,386,374	71,303,689	16,917,315
Furniture and equipment	5,344,848	3,281,315	(2,063,533)
Site improvements	2,081,490	2,059,906	(21,584)
Total accumulated depreciation	61,812,712	76,644,910	14,832,198
Capital assets, net	$ 118,377,104	103,742,761	(14,634,343)
		Net position (deficit), as previously reported	(186,151,594)
		Net position (deficit), as restated	$ (200,785,937)

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 a BAN on July 8, 2026, in the amount of $107,795,400, which will mature on July 8, 2027 bearing a stated interest rate of 4.00%. The District received a premium of $1,214,854 with the borrowing to yield an effective interest rate of 2.87%.

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, 2026

	Budgeted Amounts		Variance with Original Budget	Actual	Final Budget Variance with
	Original	Final	Final Budget	(Budgetary Basis)	Actual
REVENUES					
Local Sources					
Real property taxes	$ 75,934,370	73,178,622	(2,755,748)	73,178,622	-
Other tax items - including STAR	5,000,000	7,755,748	2,755,748	10,068,694	2,312,946
Charges for services	1,200,000	1,200,000	-	1,004,885	(195,115)
Use of money and property	700,000	700,000	-	5,904,006	5,204,006
Sale of property and compensation for loss	150,000	150,000	-	176,974	26,974
Miscellaneous	1,200,000	1,200,000	-	1,361,630	161,630
Interfund revenues	-	-	-	87,968	87,968
State Sources					
Basic formula	264,027,951	264,027,951	-	203,681,618	(60,346,333)
Excess cost aid	-	-	-	23,598,579	23,598,579
Lottery aid	-	-	-	31,840,814	31,840,814
BOCES aid	-	-	-	5,787,918	5,787,918
Textbook aid	-	-	-	532,405	532,405
Computer hardware/software aid	-	-	-	341,737	341,737
Library material aid	-	-	-	8,000	8,000
Other state aid	-	-	-	3,292,662	3,292,662
Medicaid reimbursement	200,000	200,000	-	16,432	(183,568)
Federal Sources	-	-	-	205,141	205,141
TOTAL REVENUES	348,412,321	348,412,321	-	361,088,085	12,675,764
APPROPRIATED FUND BALANCE					
Appropriated Fund Balance	10,420,584	10,420,584	-		
Prior Year's Encumbrances	332,158	332,158	-		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	$ 359,165,063	359,165,063	-		

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, 2026

	Budgeted Amounts		Variance with Original Budget	Actual	Year-End	Final Budget Variance with Actual and
	Original	Final	Final Budget	(Budgetary Basis)	Encumbrances	Encumbrances
EXPENDITURES						
General support						
Board of education	$ 255,729	255,729	-	438,283	1,795	(184,349)
Central administration	648,047	642,795	(5,252)	569,842	1,200	71,753
Finance	2,782,629	2,791,629	9,000	2,274,964	637	516,028
Staff	2,883,013	2,883,013	-	1,774,183	5,068	1,103,762
Central services	24,811,176	24,856,164	44,988	20,204,443	516,999	4,134,722
Special items	4,819,530	4,770,130	(49,400)	4,009,971	12,388	747,771
Instruction						
Instruction, administration & improvement	7,660,026	7,571,577	(88,449)	8,084,194	5,599	(518,216)
Teaching - regular school	155,499,173	155,623,965	124,792	142,789,224	40,715	12,794,026
Programs for children with disabilities	55,716,743	55,715,743	(1,000)	65,391,004	65,569	(9,740,830)
Occupational education	550,000	550,000	-	667,321	-	(117,321)
Teaching - special schools	317,500	317,500	-	315,000	-	2,500
Instructional media	4,893,299	4,880,041	(13,258)	4,566,188	25,016	288,837
Pupil services	11,067,186	11,091,565	24,379	12,089,956	11,266	(1,009,657)
Pupil transportation	12,777,868	12,777,868	-	12,040,678	-	737,190
Community services	15,900	15,900	-	12,000	-	3,900
Employee benefits	61,392,809	61,347,009	(45,800)	45,520,109	-	15,826,900
Debt service						
Principal	5,893,000	5,893,000	-	3,014,136	250	2,878,614
Interest	5,531,435	5,531,435	-	6,162,852	-	(631,417)
TOTAL EXPENDITURES	357,515,063	357,515,063	-	329,924,348	686,502	26,904,213
OTHER FINANCING USES						
Transfers to other funds	1,650,000	1,650,000	-	1,822,630	-	(172,630)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 359,165,063	359,165,063	-	331,746,978	686,502	26,731,583
Net change in fund balance				29,341,137		
Fund balance - beginning				95,427,699		
Fund balance - ending				$ 124,768,836		

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
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2026

	Variance with Original Budget Final Budget	Final Budget Variance with Actual and Encumbrances
Budgetary Revenues:		
Differences - Original Budget to Final Budget		
The original budget included STAR reimbursement as part of the property tax levy. The final budget shows the STAR reimbursement as part of other property tax items.		
Real Property Taxes	$ (2,755,748)	
Other Real Property Tax Items	2,755,748	
Difference - Final Budget to Actual		
Other real property tax items includes higher than anticipated PILOT payments.		$ 2,312,946
Use of money and property includes higher than anticipated interest earnings due to an increase in cash on hand and interest rates.		5,204,006
The District budgets state aid based on the legislative budget which does not detail all categories. Additionally, the District received additional state aid on general aid and excess cost aid offset by a decrease in BOCES aid.		
Basic formula		(60,346,333)
Excess cost aid		23,598,579
Lottery aid		31,840,814
BOCES aid		5,787,918
Textbook aid		532,405
Computer hardware/software aid		341,737
Other state aid		3,292,662
Budgetary Expenditures:		
Differences - Original Budget to Final Budget		
The District does not have any significant original to final budget variances to explain.		
Difference - Final Budget to Actual		
Central services - actual expenditures were under budget primarily due to custodial, building and maintenance, and security salaries due to lower salaries than anticipated and fewer employees needed to meet the District's need. Utilities were also under budget due to an increase in energy efficiency due to the District's energy performance contract upgrades. Building maintenance and repairs were lower than anticipated due to the District's continuance building improvements through bond issuances.		4,134,722
Teaching regular school - actual expenditures were under budget primarily due to lower than anticipated instructional salaries as the District required fewer certified staff due to enrollment changes, and an increase in students attending charter schools and other districts. Additionally, payments to charter school were under budget due to fewer students attending charter schools than originally projected at the time of the budget development.		12,794,026
Programs for Children with Disabilities - actual expenditures were over budget to primarily due to an increase in students attending private schools and other district for services, as well as, an increase in services from BOCES. Additionally, additional services for evaluations and therapists were needed\ during the fiscal year to meet the needs of students attending in-District programs.		(9,740,830)
Employee benefits - actual expenditures were under budget primarily due to NYS Employee Retirement and NYS Teacher Retirement contribution expenditures being lower than anticipated due to a lower employer required contribution rate than originally projected and a lower increase in health insurance premiums than projected.		15,826,900
Debt service - actual expenditures were under budget primarily due to the District expecting to issue issue bonds during the fiscal year and electing to renew the outstanding BAN in order to lower the cost of borrowing to District residents.		2,247,197

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	2026	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 8,422,386	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	14,013,623	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	20,455,704	(49,954,267)	(11,768,805)	22,738,296	(63,111,204)	17,280,628	56,241,034	(71,020,190)	-
Benefit payments	(10,139,894)	(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	32,751,819	(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	266,076,054	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	$ 298,827,873	266,076,054	284,558,163	282,787,841	250,757,800	299,287,227	346,848,475	274,855,914	330,513,613
District's covered payroll	$ 65,312,504	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	457.54%	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, governments 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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportionate share of the net pension asset/(liability)	0.04142%	0.04370%	0.04253%	0.03773%	0.03758%	0.03986%	0.04612%	0.04656%	0.04504%	0.04827%
District's proportionate share of the net pension asset/(liability)	$ (2,337)	$ (7,492)	$ (6,262)	$ (8,090)	$ 3,072	$ (40)	$ (12,213)	$ (3,299)	$ (1,486)	$ (4,536)
District's covered payroll	$ 20,692	$ 16,844	$ 16,434	$ 15,350	$ 14,218	$ 13,486	$ 15,305	$ 15,708	$ 14,502	$ 14,079
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	11.29%	44.48%	38.10%	52.70%	21.61%	0.30%	79.80%	21.00%	10.25%	32.22%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

NYSTRS Pension Plan

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportionate share of the net pension asset/(liability)	0.35856%	0.37868%	0.36879%	0.36302%	0.35711%	0.38370%	0.40826%	0.40363%	0.39345%	0.40480%
District's proportionate share of the net pension asset/(liability)	$ 21,230	$ 11,298	$ (4,217)	$ (6,966)	$ 61,884	$ (10,603)	$ 10,607	$ 7,299	$ 2,991	$ (4,336)
District's covered payroll	$ 68,080	$ 71,347	$ 72,925	$ 68,321	$ 64,631	$ 62,562	$ 67,279	$ 68,432	$ 66,037	$ 62,972
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	31.18%	15.84%	5.78%	10.20%	95.75%	16.95%	15.77%	10.67%	4.53%	6.89%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	104.00%	102.10%	99.17%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%
Discount rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

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

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

NYSERS Pension Plan

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 2,550	$ 2,325	$ 1,952	$ 1,480	$ 2,136	$ 1,929	$ 2,106	$ 2,072	$ 2,085	$ 2,132
Contributions in relation to the contractually required contribution	2,550	2,325	1,952	1,480	2,136	1,929	2,106	2,072	2,085	2,132
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 20,692	$ 16,844	$ 16,434	$ 15,350	$ 14,218	$ 13,486	$ 15,305	$ 15,708	$ 14,502	$ 14,079
Contributions as a percentage of covered payroll	12.32%	13.80%	11.88%	9.64%	15.02%	14.30%	13.76%	13.19%	14.38%	15.14%

NYTRS Pension Plan

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 6,523	$ 7,114	$ 6,984	$ 7,009	$ 6,302	$ 5,759	$ 5,758	$ 7,237	$ 6,443	$ 7,307
Contributions in relation to the contractually required contribution	6,523	7,114	6,984	7,009	6,302	5,759	5,758	7,237	6,443	7,307
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 68,080	$ 71,347	$ 72,925	$ 68,321	$ 64,631	$ 62,562	$ 67,279	$ 68,432	$ 66,037	$ 62,972
Contributions as a percentage of covered payroll	9.58%	9.97%	9.58%	10.26%	9.75%	9.21%	8.56%	10.58%	9.76%	11.60%

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, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$	358,832,905
Add: Prior year's encumbrances		332,158
Original Budget		359,165,063
Budget Revisions		-
Final Budget	$	359,165,063

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-27 voter-approved expenditure budget	$	378,202,077
Maximum allowed (4% of 2026-27 budget)	$	15,128,083
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$	17,230,794
Unassigned fund balance		34,386,289
Total unrestricted fund balance		51,617,083
Less:		
Appropriated fund balance		16,544,292
Encumbrances included in assigned fund balance		686,502
Total adjustments		17,230,794
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$	34,386,289
Actual percentage of 2026-27 budget		9.09%

* 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, 2026

PROJECT TITLE / SED Project#	Project Number	Budget		Expenditures and Transfers			Unexpended	Methods of Financing				Fund
		June 30, 2025	June 30, 2026	Prior Years	Current Year	Total	Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2026
Projects Funded by Appropriations												
District-wide improvements	00-9000	$ 24,240	$ 101,622	$ -	$ -	$ -	$ 101,622	$ -	$ -	$ 101,622	$ 101,622	$ 101,622
Boiler Repair	00-9160	35,000	30,161	30,161	-	30,161	-	-	-	30,161	30,161	-
MS Faculty Lounge	01-9130	4,565	2,592	2,592	-	2,592	-	-	-	2,592	2,592	-
Railing Repairs and Replacement	01-9133	31,700	31,645	31,645	-	31,645	-	-	-	31,645	31,645	-
MS Girls Gym Locker Padding	01-9137	18,500	18,500	18,500	-	18,500	-	-	-	18,500	18,500	-
MS Fencing Repairs	01-9138	19,500	19,433	19,433	-	19,433	-	-	-	19,433	19,433	-
MS - Boiler Heads and Piping	01-9141	53,068	167,681	-	162,737	162,737	4,944	-	-	167,681	167,681	4,944
MS - Locker Repairs - Carpentry	01-9142	21,000	21,000	-	-	-	21,000	-	-	21,000	21,000	21,000
MS Elevator Repair	01-9150	5,991	5,910	5,910	-	5,910	-	-	-	5,910	5,910	-
MS - Sidewalks	01-0000	-	18,283	-	-	-	18,283			18,283	18,283	18,283
McNeil Sidewalk	02-9100	60,000	59,374	59,374	-	59,374	-	-	-	59,374	59,374	-
McNeil - Boiler and Piping	02-9140	66,928	66,928	66,928	-	66,928	-	-	-	66,928	66,928	-
McNeil - Lead Rededication	02-9141	-	91,801	-	87,032	87,032	4,769			91,801	91,801	4,769
McNeil - Replacement Entrance Steps	02-9142	-	12,083	-	11,739	11,739	344			12,083	12,083	344
McNeil - Sidewalks	02-0000	-	13,498	-	-	-	13,498			13,498	13,498	13,498
Paterson - Ceiling and Door Repairs	03-9134	26,070	25,887	25,887	-	25,887	-	-	-	25,887	25,887	-
Annex Roof Repair	05-9100	145,339	145,339	145,339	-	145,339	-	-	-	145,339	145,339	-
Annex - Boiler and Chimney	05-9136	62,450	54,490	54,490	-	54,490	-	-	-	54,490	54,490	-
Obama - Chimney Repairs and Waterproofing	06-9135	26,900	55,888	26,890	28,893	55,783	105	-	-	55,888	55,888	105
Obama - Faculty Restroom	06-9140	37,810	37,799	37,799	-	37,799	-	-	-	37,799	37,799	-
Obama - Portal Wall	06-9143	29,390	29,386	29,386	-	29,386	-	-	-	29,386	29,386	-
Rhodes - Gum Floor	09-9150	-	25,000	-	24,377	24,377	623			25,000	25,000	623
Prospect Elevator Repair	10-9150	4,101	3,295	3,295	-	3,295	-	-	-	3,295	3,295	-
HS Soil Sample - Disposal Site	02-0030	7,500	7,500	53	7,447	7,500	-	-	-	7,500	7,500	-
Hempstead High School Pool Remediation	20-1001	1,167,180	1,191,820	865,486	-	865,486	326,334	-	-	1,191,820	1,191,820	326,334
Hempstead High School Auditorium Seating	20-9130	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
HS - PA Electrical	20-9132	86,870	86,870	70,654	-	70,654	16,216	-	-	86,870	86,870	16,216
HS - Gym Bleachers	20-9139	17,500	17,288	17,288	-	17,288	-	-	-	17,288	17,288	-
HS - Piping Changings	20-9140	50,000	50,000	-	-	-	50,000	-	-	50,000	50,000	50,000
HS & MS - Cell Phone Locker Install	20-9143	-	99,000	-	63,477	63,477	35,523			99,000	99,000	35,523
HS - Sewage	20-9144	35,700	35,690	35,690	-	35,690	-	-	-	35,690	35,690	-
HS - Classroom Doors	20-9145	46,025	45,990	45,990	-	45,990	-	-	-	45,990	45,990	-
Hempstead High School Elevator	20-9150	9,280	9,035	9,035	-	9,035	-	-	-	9,035	9,035	-
HS - Scoreboard	20-9160	-	502,719	-	327,531	327,531	175,188			502,719	502,719	175,188
HS - Boiler Repair	20-9161	-	77,570	-	-	-	77,570			77,570	77,570	77,570
Projects Funded by Appropriations		2,757,499	3,825,969	2,245,715	713,233	2,958,948	867,021	-	-	3,825,969	3,825,969	867,021
Capital Grants:												
Bus Purchase	10-0000	100,000	100,000	-	-	-	100,000	-	100,000	-	100,000	100,000
Bus Purchase - NESCO	01-0000	320,000	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	150,000
Bus Purchase - Sprinter Vans	03-0000	150,000	150,000	-	-	-	150,000	-	150,000	-	150,000	150,000
Bus Purchase - Vans	04-0000	280,000	280,000	227,657	-	227,657	52,343	-	280,000	-	280,000	52,343
MS Boys Locker Room	01-9105	346,746	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	(10,217)	189,419	10,581	-	200,000	-	200,000	10,581
Capital grants		1,736,246	1,736,246	1,281,324	(10,217)	1,271,107	465,139	-	1,700,000	36,246	1,736,246	465,139

HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

PROJECT TITLE		Budget		Expenditures and Transfers			Unexpended	Methods of Financing				Fund Balance
								Proceeds		Local		
EPC - 2022 - 23												
Hempstead Middle School	01-0027	3,932,003	3,932,003	3,932,003	-	3,932,003	-	3,932,003	-	-	3,932,003	-
McNeil	02-0016	915,360	915,360	915,360	-	915,360	-	915,360	-	-	915,360	-
Paterson	03-0017	81,033	81,033	81,033	(30)	81,003	30	81,033	-	-	81,033	30
Jackson Main Elementary	04-0015	169,489	169,687	169,489	198	169,687	-	169,687	-	-	169,687	-
Jackson Annex	05-0012	42,095	42,095	42,095	-	42,095	-	42,095	-	-	42,095	-
Obama	06-0017	852,603	852,405	852,603	(198)	852,405	-	852,405	-	-	852,405	-
Marshall School	07-0015	107,761	107,761	107,761	-	107,761	-	107,761	-	-	107,761	-
Hempstead High School	20-0029	4,650,667	4,650,667	4,650,667	-	4,650,667	-	4,650,667	-	-	4,650,667	-
EPC		10,751,011	10,751,011	10,751,011	(30)	10,750,981	30	10,751,011	-	-	10,751,011	30
Bond issue - 2018 - 19												
Rhodes/New Building	09-0009	3,328,550	2,933,639	3,307,772	(374,133)	2,933,639	-	2,933,639	-	-	2,933,639	-
JA - Portables	13-0001	134,370	61,964	52,321	9,643	61,964	-	61,964	-	-	61,964	-
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	62,202	56,995	5,207	62,202	-	62,202	-	-	62,202	-
JA - Portables	51-0002	106,376	61,888	82,750	(20,862)	61,888	-	61,888	-	-	61,888	-
JA - Portables	52-0002	106,376	74,689	44,951	29,738	74,689	-	74,689	-	-	74,689	-
JMc- Portables	57-0002	134,370	75,338	58,699	16,639	75,338	-	75,338	-	-	75,338	-
JA - Portables	78-0003	212,752	63,454	89,082	(25,628)	63,454	-	63,454	-	-	63,454	-
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	39,842,360	39,768,412	73,948	39,842,360	-	35,248,248	2,116,293	2,477,819	39,842,360	-
Unallocated	98-9999	444,534	3,052,716	-	-	-	3,052,716	3,052,716	-	-	3,052,716	3,052,716
Rhodes/New Building		46,844,112	46,844,112	43,525,230	(285,448)	43,239,782	3,604,330	42,250,000	2,116,293	2,477,819	46,844,112	3,604,330
Bond issue - 2021 - 22												
Hempstead Middle School	01-0028	3,090,885	2,026,247	1,788,847	237,400	2,026,247	-	2,026,247	-	-	2,026,247	-
Hempstead Middle School	01-0029	1,326,917	42,280,453	1,708,541	8,630,738	10,339,279	31,941,174	42,280,453	-	-	42,280,453	31,941,174
Hempstead Middle School	01-0030	-	5,129,489	-	101,547	101,547	5,027,942	5,129,489	-	-	5,129,489	5,027,942
Hempstead High School	02-0030	112,896	112,896	120,052	(7,447)	112,605	291	112,896	-	-	112,896	291
McNeil	02-0018	2,920,750	2,920,750	163,657	2,573,301	2,736,958	183,792	2,920,750	-	-	2,920,750	183,792
McNeil	02-0022	-	580,015	-	27,165	27,165	552,850	580,015	-	-	580,015	552,850
Paterson	03-0018	2,067,501	3,976	82,260	(78,284)	3,976	-	3,976	-	-	3,976	-
Paterson	03-0019	2,108,400	2,227,400	147,996	2,043,418	2,191,414	35,986	2,227,400	-	-	2,227,400	35,986
Paterson	03-0022	-	357,500	-	23,664	23,664	333,836	357,500	-	-	357,500	333,836
Jackson Main Elementary	04-0017	1,173,750	1,144,032	1,122,429	21,603	1,144,032	-	1,144,032	-	-	1,144,032	-
Jackson Main Elementary	04-0018	1,052,000	1,052,000	69,001	298,082	367,083	684,917	1,052,000	-	-	1,052,000	684,917
Jackson Main Elementary	04-0020	-	450,873	-	25,057	25,057	425,816	450,873	-	-	450,873	425,816
Obama	06-0018	1,270,280	1,232,782	1,212,817	19,965	1,232,782	-	1,232,782	-	-	1,232,782	-
Obama	06-0019	754,000	754,000	77,082	423,709	500,791	253,209	754,000	-	-	754,000	253,209
Obama	06-0021	-	2,084,817	-	51,727	51,727	2,033,090	2,084,817	-	-	2,084,817	2,033,090
Hempstead High School	11-6001	270,000	308,629	13,482	295,147	308,629	-	308,629	-	-	308,629	-
Hempstead High School	20-0030	10,320,638	8,400,443	8,072,863	327,580	8,400,443	-	8,400,443	-	-	8,400,443	-
Hempstead High School	20-0031	6,698,000	7,031,757	6,861,259	164,475	7,025,734	6,023	7,031,757	-	-	7,031,757	6,023
Hempstead High School	20-0032	3,829,000	3,854,000	502,519	3,123,334	3,625,853	228,147	3,854,000	-	-	3,854,000	228,147
Portable Removal	60-0002	123,585	82,790	74,889	7,901	82,790	-	82,790	-	-	82,790	-
Portable Removal	81-0002	123,585	82,790	74,684	8,106	82,790	-	82,790	-	-	82,790	-
Portable Removal	82-0002	123,585	78,495	74,684	3,811	78,495	-	78,495	-	-	78,495	-
Portable Removal	83-0002	61,790	49,330	47,354	1,976	49,330	-	49,330	-	-	49,330	-
Unallocated	99-9999	49,069,047	4,251,145	-	-	-	4,251,145	3,431,145	-	820,000	4,251,145	4,251,145
Total Bond 2021-22		86,496,609	86,496,609	22,214,416	18,323,975	40,538,391	45,958,218	85,676,609	-	820,000	86,496,609	45,958,218

HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

PROJECT TITLE		Budget		Expenditures and Transfers			Unexpended	Methods of Financing				Fund Balance
								Proceeds		Local		
Bond issue - 2023 - 24												
MS - Improvements	01-0031	-	8,786,175	-	311,106	311,106	8,475,069	8,786,175	-	-	8,786,175	8,475,069
McNeil - HVAC Improvements	02-0020	2,460,000	2,460,000	228	1,293,877	1,294,105	1,165,895	2,460,000	-	-	2,460,000	1,165,895
McNeil - Improvements	02-0021	-	500,000	-	476,237	476,237	23,763	500,000	-	-	500,000	23,763
McNeil - Improvements	02-0023	-	2,272,725	-	299,309	299,309	1,973,416	2,272,725	-	-	2,272,725	1,973,416
Paterson - HVAC Improvements	03-0021	2,394,250	2,394,250	177	1,255,391	1,255,568	1,138,682	2,394,250	-	-	2,394,250	1,138,682
Paterson - Improvements	03-0023	-	2,014,225	-	81,502	81,502	1,932,723	2,014,225	-	-	2,014,225	1,932,723
Jackson Main Elementary	04-0021	-	1,984,400	-	59,552	59,552	1,924,848	1,984,400	-	-	1,984,400	1,924,848
Obama	06-0022	-	2,736,750	-	79,333	79,333	2,657,417	2,736,750	-	-	2,736,750	2,657,417
Prospect - HVAC Improvements	08-0015	2,100,000	2,100,000	177	706,612	706,789	1,393,211	2,100,000	-	-	2,100,000	1,393,211
HS - Improvements	20-0033	-	5,840,350	-	564,396	564,396	5,275,954	5,840,350	-	-	5,840,350	5,275,954
Indoor quality improvements	99-9996	533,750	533,750	-	-	-	533,750	395,750	-	138,000	533,750	533,750
Unallocated	99-9997	73,580,215	52,218,315	-	-	-	52,218,315	50,856,315	-	1,362,000	52,218,315	52,218,315
Bond Issue - 2023- 2024		81,068,215	83,840,940	582	5,127,315	5,127,897	78,713,043	82,340,940	-	1,500,000	83,840,940	78,713,043
SmartBonds												
SB-0001		5,269,387	5,269,387	4,047,116	-	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	-	1,111,958	-
SB-0003		-	1,250,870	-	1,250,870	1,250,870	-	-	1,250,870	-	1,250,870	-
SmartBonds		6,381,345	7,632,215	5,159,074	1,250,870	6,409,944	1,222,271	-	7,632,215	-	7,632,215	1,222,271
		$ 236,035,037	$ 241,127,102	$ 85,177,352	$ 25,119,698	$ 110,297,050	$ 130,830,052	$ 221,018,560	$ 11,448,508	$ 8,660,034	$ 241,127,102	130,830,052

Transfer to General Fund	(30)
Unissued Debt 2018-2019	(420,000)
Unissued Debt 2021-2022	(85,676,609)
Unissued Debt 2023-2024	(82,340,940)
Uncertified SmartBonds Aid	(1,222,271)
Uncertified NYSED and Crest Grants	(1,700,000)
Fund Balance	$ (40,529,798)

See Paragraph on Other Information Included in Auditor's Report

HEMPSTEAD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Capital assets, net		$ 121,657,657
Deduct:		
Capital related accounts payable	$ 6,494,004	
Bond anticipation notes payable	68,660,400	
Short-term portion of bonds payable, net	2,131,250	
Long-term portion of bonds payable, net	41,402,031	
Short-term portion of energy performance contract	674,436	
Long-term portion of energy performance contract debt	8,477,966	
Less: Unspent debt proceeds	(24,241,787)	103,598,300
Net investment in capital assets		$ 18,059,357

See Paragraph on Other Information Included in Auditor's Report

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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, 2026, 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, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 2026-001.

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, 2026

HEMPSTEAD UNION FREE SCHOOL DISTRICT
Schedule of Findings and Responses

(2026-001) 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, 2026 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, 2026, this portion of the District's unrestricted fund balance is $34,386,289, which is 9.09% of the 2026-27 voter approved General Fund budget.

Cause - The District budgets its payments to charter schools based on enrollment estimates provided by the charter schools. Inaccurate estimates for the year ended June 30, 2026, resulted in $10,021,312 in budgetary savings combined with prior years inaccurate estimates.

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 2025-001 as reported for the year ended June 30, 2025.

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 69.

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Status of Prior Year Audit Findings

Year ended June 30, 2026

Reference: 2025-001

Condition - The District's general fund unassigned fund balance was in excess of 4% of the 2025-2026 budgeted appropriations as of June 30, 2025.

Status - As of June 30, 2026, the District remains in excess of 4%. This finding is repeated in the current year as finding 2026-001.

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Hempstead Union Free School District
2025 – 2026 Financials
Corrective Action Plan

Current Finding (2026-001) New York State Property Tax Law § 1318

Condition - The District's unrestricted fund balance at June 30, 2026 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, 2026, this portion of the District's unrestricted fund balance is $34,386,289, which is 9.09% of the 2026-27 voter approved General Fund budget.

Corrective Action Plan

(a) Implementation plan of action: Management will closely monitor fund balance throughout the following fiscal year and during the budget planning process. The Deputy Superintendent will develop a plan for the use of the 5.09% funds, that is more than the allowable 4%.
(b) Implementation date: This will be implemented on October 16th, 2026.
(c) Person responsible for implementation: Jamal Scott, Deputy Superintendent
(d) Completion date: This will be completed on or prior to June 30th, 2027.