

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2021

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 20
Basic Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	26
Notes to Financial Statements	27 - 59
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	60 - 61
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	62
Schedule of District's Proportionate Share of the Net Pension Liability/(Asset)	63
Schedule of District Pension Contributions	64
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	65
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund	66
Net Investment in Capital Assets	67

INDEPENDENT AUDITORS' REPORT

The Board of Education
Hempstead Union Free School District
Town of Hempstead, New York:

Report on the Financial Statements

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, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Hempstead Union Free School District as of June 30, 2021, 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.

Other Matters

As discussed in note 1(u) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84 - "Fiduciary Activities," during the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20 and the additional information on pages 60 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 3, 2021

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- On the District-wide financial statements, the District’s total net deficit increased by \$592,273, or 0.20% to a deficit of \$(297,079,899). This was due to an excess of expenses over revenues based on the accrual basis of accounting.
- On the District-wide financial statements, revenues increased by \$1,810,217, or 0.74%. The increase was attributed to increases in charges for services, property taxes and other tax items, State sources, other revenues offset by decreases in operating grants and use of money and property.
- On the District-wide financial statements, expenses decreased by \$21,642,691, or 8.08%, primarily due to decreases in general support, instruction and food service program expenses.
- On the governmental funds financial statements, the general fund total fund balance increased by \$9,472,980. Unassigned fund balance as of June 30, 2021 was \$16,199,105, which was 6.55% of the 2021-2022 voter approved budget. The amount is in excess of the 4% limit allowed by Section 1318 Real Property Tax Law.
- On May 18, 2021 the proposed 2021-2022 budget in the amount of \$247,223,026 was authorized by the District’s residents. The budget passed by 62.11% of those who voted.
- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of \$8,407,197 for the Elementary and Secondary School Emergency Relief Program (ESSER) and \$179,914 for the Governor’s Emergency Education Relief Program (GEER).
- The District implemented Governmental Accounting Standards Board Statement No. 84 (GASB 84), *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position for the District-Wide financial statements and opening fund balance for the miscellaneous special revenue fund, effective July 1, 2020. See Note 19 for further information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-wide statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

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

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

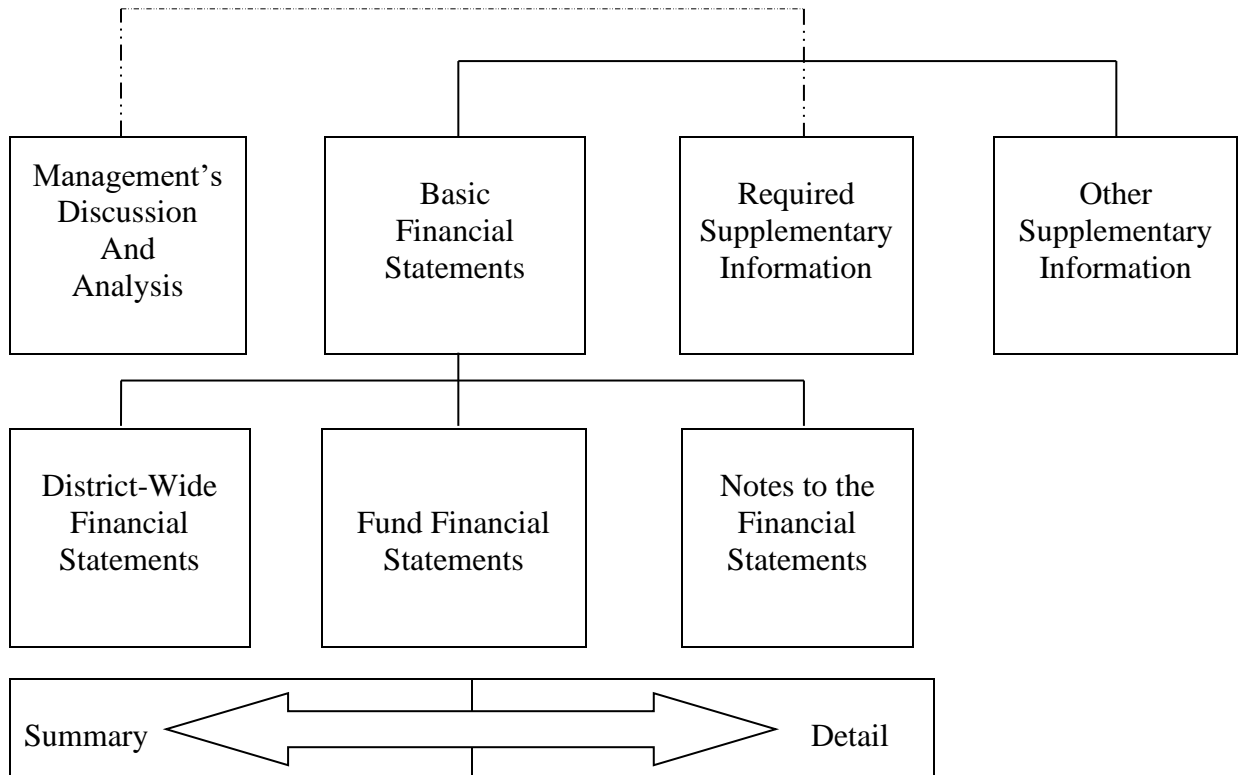


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

A. District-Wide Financial Statements:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B. Fund Financial Statements

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

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Current and other assets, current and other liabilities, and restricted net position, unrestricted net position and total net position for 2020 have been restated for the implementation of GASB 84. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See note 19 for further information.

The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$70,715,251	\$70,358,872	\$356,379
Current liabilities	65,744,041	65,494,013	250,028
Net position - restricted	6,653,289	6,546,938	106,351
Total net position (deficit)	(296,487,626)	(296,593,977)	106,351

The District’s total net position decreased by \$592,273 between fiscal year 2021 and 2020, as detailed in Table A-3.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Current and other assets	\$ 53,461,668	\$ 70,715,251	\$ (17,253,583)	(24.40%)
Capital assets, net of accumulated depreciation	77,133,334	55,628,267	21,505,067	38.66%
Net pension asset - proportionate share NYSTRS	-	10,606,697	(10,606,697)	(100.00%)
Total Assets	130,595,002	136,950,215	(6,355,213)	(4.64%)
Deferred outflows of resources	100,495,115	90,645,084	9,850,031	10.87%
Total Assets and Deferred Outflows of Resources	231,090,117	227,595,299	3,494,818	1.54%
Current liabilities	62,402,450	65,744,041	(3,341,591)	(5.08%)
Long-term liabilities	24,643,468	28,741,652	(4,098,184)	(14.26%)
Net pension liability - proportionate share NYSERS and NYSTRS	10,642,265	12,213,390	(1,571,125)	(12.86%)
Total other post-employment benefits obligation	299,287,227	346,848,475	(47,561,248)	(13.71%)
Total Liabilities	396,975,410	453,547,558	(56,572,148)	(12.47%)
Deferred inflows of resources	131,194,606	70,535,367	60,659,239	86.00%
Total Liabilities and Deferred Inflows of Resources	528,170,016	524,082,925	4,087,091	0.78%
Net investment in capital assets	31,241,074	26,709,225	4,531,849	16.97%
Restricted	3,547,056	6,653,289	(3,106,233)	(46.67%)
Unrestricted (deficit)	(331,868,029)	(329,850,140)	(2,017,889)	0.61%
Total Net Position (deficit)	(297,079,899)	(296,487,626)	(592,273)	0.20%
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 231,090,117	\$ 227,595,299	\$ 3,494,818	1.54%

Current and other assets decreased by \$17,253,583 as compared to the prior year. This was primarily due to decreases in restricted and unrestricted cash, taxes receivable, and State and federal aid receivable.

Capital assets, net increased by \$21,505,067, as compared to the prior year. This increase is the result of current year asset acquisitions in excess of depreciation expense (see Note 10).

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

Deferred outflows of resources increased by \$9,850,031, as compared to the prior year. This represents contributions to the State Retirement Systems subsequent to the measurement date and actuarial adjustments at the plan level that will be amortized in future years, and total other post-employment benefits ("OPEB").

Current liabilities decreased by \$3,341,591, as compared to the prior year. This decrease was primarily due to a decrease in accounts payable, offset by an increase in bond anticipation note payable.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term liabilities decreased by \$4,098,184, as compared to the prior year. This decrease was primarily due to decreases in bonds payable, termination benefits payable and workers’ compensation claims payable offset by an increase in compensated absences payable.

Net pension liability - proportionate share New York State Retirement System (“NYSERS”) and NYSTRS decreased by \$1,571,125. This decrease is due to fluctuations in the actuarially determined net pension liability of the NYSERS and NYSTRS. This was the result from several factors including differences between expected and actual experience, changes in the assumptions related to the pension plans and any change in the District’s proportionate share to the plans as a whole.

The District’s OPEB obligation decreased over the prior year by \$47,561,248. This was the result from several factors including service cost, interest, and changes in assumptions or other inputs offset by the District’s benefit payments. See Note 15 for further details.

Deferred inflows of resources increased by \$60,659,239, as compared to the prior year, primarily due to increases in deferred inflows of resources related to NYSERS and OPEB, offset by a decrease in deferred inflows of resources for NYSTRS. Deferred inflows are actuarial adjustments at the plan level, that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & building improvements, furniture & equipment and site improvements, net of depreciation and related debt. This number increased from the prior year by \$4,531,849 due to capital asset additions in excess of depreciation and principal payments on related debt.

The restricted amount of \$3,547,056 relates to the District’s restricted reserves. This balance decreased over the prior year by \$3,106,233. In accordance with the voter approved budget for the fiscal year ended June 30, 2021, the District utilized \$410,744 from the workers’ compensation reserve, \$2,047,229 from the retirement contributions reserve – NYSERS, \$125,000 from the unemployment reserve. In addition, in accordance with the voter approved budget, the District utilized \$70,000 from the debt service fund for debt service payments for principal and interest. During the fiscal year, the Board authorized the use of \$500,000 from the employee benefit accrued liability reserve to fund higher than normal employee retirements. See section 4 of this management’s discussion and analysis, financial analysis of the District’s funds for further details.

The unrestricted net position (deficit) in the amount of \$(331,868,029) relates to the balance of the District’s net position (deficit). The unrestricted net position (deficit) increased from the prior year by \$2,017,889. Net position overall decreased by \$592,273.

B. Changes in Net Position

Operating grants and contributions and use of money were increased for scholarships donations, extraclassroom and other student activities contributions and interest earnings and instructional expenses were increased due to the implementation of GASB 84. The following schedule outlines these changes:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated <u>2020</u>	As Reported <u>2020</u>	Increase <u>(Decrease)</u>
Revenues:			
Operating grants and contributions	\$17,814,552	\$17,736,562	\$77,990
Use of money and property	337,433	337,272	161
 Expenses	 221,471,531	 221,419,572	 51,959

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 are as follows:

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

The District's total fiscal year 2021 revenues were \$245,504,741 (See Table A-4). Property taxes and other tax items, and State sources accounted for 33.57% and 57.76% of the total revenues, respectively (See Table A-5). The remainder came from fees charged for services, operating grants and contributions, use of money and property and other miscellaneous sources.

	Fiscal Year <u>2021</u>	Restated Fiscal Year <u>2020</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues				
Program Revenues				
Charges for services	\$ 1,298,632	\$ 1,091,247	\$ 207,385	19.00%
Operating grants and contributions	15,724,209	17,814,552	(2,090,343)	(11.73%)
General Revenues				
Property taxes and other tax items	82,408,443	81,612,274	796,169	0.98%
State sources	141,804,803	139,798,954	2,005,849	1.43%
Use of money and property	76,751	337,433	(260,682)	(77.25%)
Other	4,191,903	3,040,064	1,151,839	37.89%
Total Revenues	<u>245,504,741</u>	<u>243,694,524</u>	<u>1,810,217</u>	<u>0.74%</u>
Expenses				
General support	27,448,168	33,181,611	(5,733,443)	(17.28%)
Instruction	206,609,061	221,471,531	(14,862,470)	(6.71%)
Pupil transportation	7,461,952	7,586,814	(124,862)	(1.65%)
Community services	10,163	12,059	(1,896)	(15.72%)
Food service program	3,013,327	3,769,709	(756,382)	(20.06%)
Debt service - interest	1,554,343	1,717,981	(163,638)	(9.53%)
Total Expenses	<u>246,097,014</u>	<u>267,739,705</u>	<u>(21,642,691)</u>	<u>(8.08%)</u>
Total Change in Net Position	<u>\$ (592,273)</u>	<u>\$ (24,045,181)</u>	<u>\$ 23,452,908</u>	<u>97.54%</u>

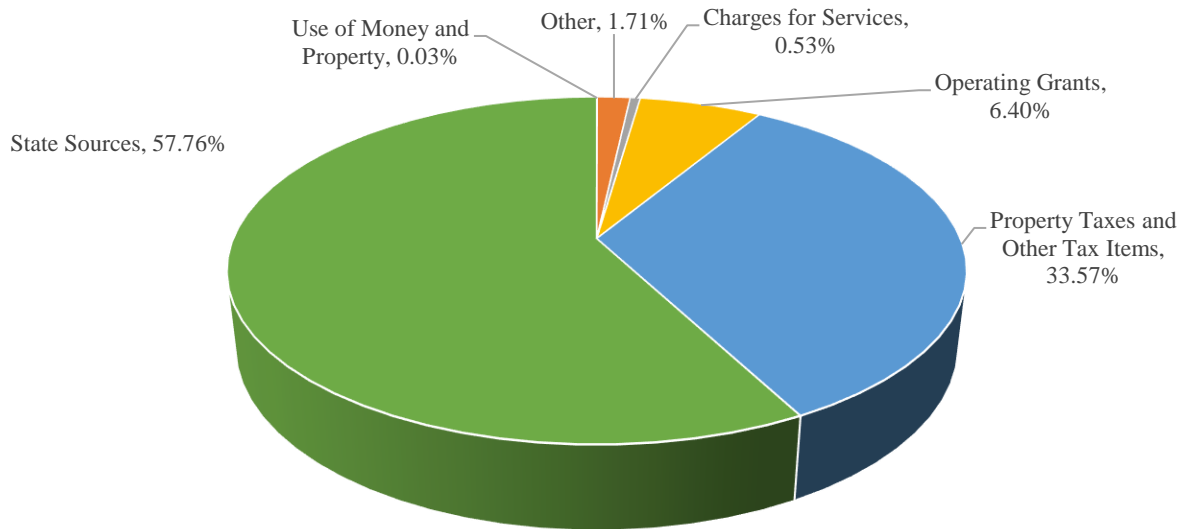
The District's revenues increased by \$1,810,217, or 0.74%, which is primarily attributable to increases in property taxes and other tax items, State sources, and other miscellaneous revenues offset by decrease in operating grants and contributions. State sources increased by \$2,005,849 primarily as a result of increases in excess cost aid and other state aid offset by decreases general aid, lottery aid, and BOCES aid.

The total cost of all programs and services totals \$246,097,014 for fiscal year 2021. These expenses are predominantly related to instruction expenses and caring for (pupil services) and transporting students, which account for 87.00% of District expenses (See Table A-6). The District's general support activities accounted for 11.15% of total costs.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

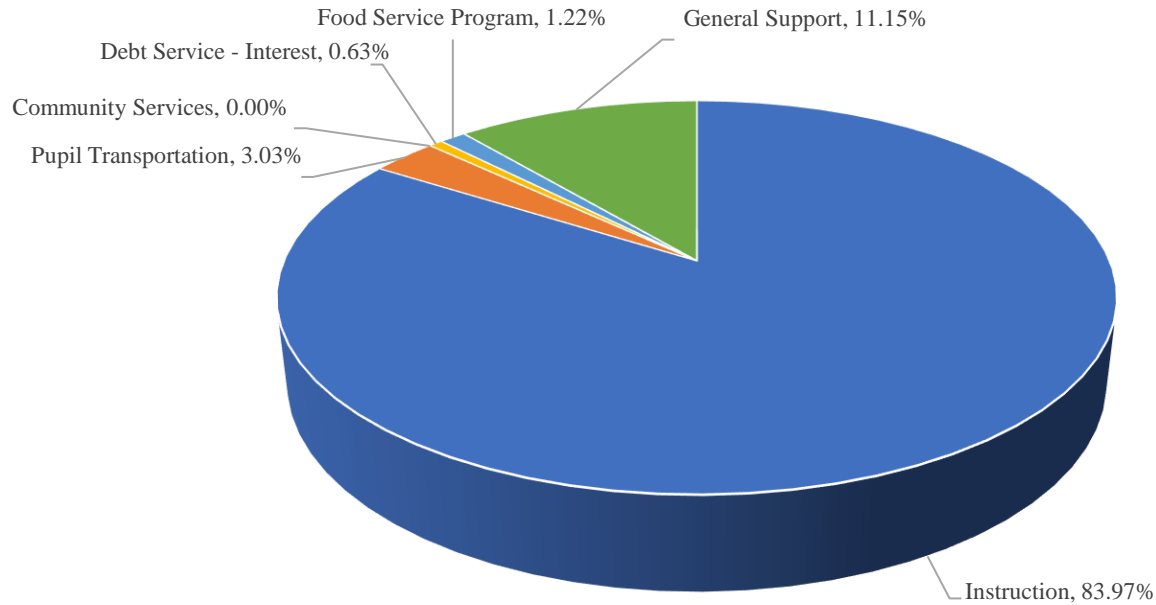
The District’s expenses for the year decreased by \$21,642,691, or 8.08%, which is primarily attributable to decreases in general support of \$5,733,443 or 17.28%, instruction expenses of \$14,862,470, or 6.71% and in food service program of \$756,382, or 20.06%. These decreases are primarily attributable to changes in the District net pension liability-proportionate share NYSERS and NYSTRS and OPEB and related deferred outflows and inflows.

Table A-5: Revenues for Fiscal Year 2021 (see Table A-4):



**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table A-6: Expenses for Fiscal Year 2021 (see Table A-4):



C. Governmental Activities

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

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Restated Fiscal Year 2020	Fiscal Year 2021	Restated Fiscal Year 2020
General support	\$ 27,448,168	\$ 33,181,611	\$ 27,448,168	\$ 33,181,611
Instruction	206,609,061	221,471,531	191,068,774	205,339,376
Pupil transportation	7,461,952	7,586,814	7,461,952	7,586,814
Community services	10,163	12,059	10,163	12,059
Food service program	3,013,327	3,769,709	1,530,773	996,065
Debt service - interest	1,554,343	1,717,981	1,554,343	1,717,981
Total	\$ 246,097,014	\$ 267,739,705	\$ 229,074,173	\$ 248,833,906

- The cost of all governmental activities this year was \$246,097,014. (Statement of Activities and Changes in Net Position - Expenses column)

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The users of the District’s programs financed \$1,298,632 of the cost. (Statement of Activities - Charges For Services column)
- The State and federal governments subsidized certain programs with operating grants of \$15,724,209 (Statement of Activities - Operating Grants and Contributions column)
- Most of the District’s net cost of \$229,074,173 were financed by District taxpayers and state aid. (Statements of Activities - Net (Expense) Revenue and Changes in Net Position column)

4. FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

Fund balance for 2020 was restated to include a miscellaneous special revenue fund for scholarships and extraclassroom activities and other student activities funds due to the implementation of GASB 84. See Note 19 “Restatement of Fund Balances/Net Position” for further information.

At June 30, 2021, the District’s governmental funds reported a combined fund balance of \$(8,930,741), which is a decrease of \$(12,589,381) over the prior year. This decrease is due to decreases in fund balance in the school food service fund, capital projects fund and debt service fund offset by increases in general fund and the special revenue fund. A summary of the change in fund balance by fund is as follows:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	2021	Restated 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Nonspendable - Advances to other Funds	1,141,292	-	1,141,292	N/A
Restricted for workers' compensation	101,977	511,471	(409,494)	(80.06%)
Restricted for retirement contribution - NYSERS	194,541	2,236,303	(2,041,762)	(91.30%)
Restricted for workers' compensation - NYSTRS	811,569	809,589	1,980	0.24%
Restricted for employee benefit accrued liability	1,710,799	2,205,408	(494,609)	(22.43%)
Restricted for unemployment insurance	160,572	284,876	(124,304)	(43.63%)
Restricted for insurance	416,238	415,223	1,015	0.24%
Assigned - appropriated for: subsequent year's expenditures	2,100,000	1,600,000	500,000	31.25%
Assigned - unappropriated for				
General support	56,607	2,482	54,125	2,180.70%
Instruction	44,505	6,223	38,282	615.17%
Unassigned fund balance	<u>16,199,105</u>	<u>5,392,650</u>	<u>10,806,455</u>	200.39%
Total Fund Balance - General Fund	<u>22,937,205</u>	<u>13,464,225</u>	<u>9,472,980</u>	70.36%
School Food Service Fund				
Nonspendable - inventory	10,456	29,891	(19,435)	(65.02%)
Assigned	<u>(1,141,292)</u>	<u>270,763</u>	<u>(1,412,055)</u>	(521.51%)
Total Fund Balance School Food Service Fund	<u>(1,130,836)</u>	<u>300,654</u>	<u>(1,431,490)</u>	(502.53%)
Special Revenue Fund				
Restricted for scholarships	19,423	20,917	(1,494)	(7.14%)
Restricted for Extraclassroom and other Student Activities	<u>117,663</u>	<u>85,434</u>	<u>32,229</u>	37.72%
Total Special Revenue Fund	<u>137,086</u>	<u>106,351</u>	<u>30,735</u>	28.90%
Capital Projects Fund - unassigned	<u>(30,888,470)</u>	<u>(10,296,658)</u>	<u>(20,591,812)</u>	199.99%
Debt Service Fund - restricted	<u>14,274</u>	<u>84,068</u>	<u>(69,794)</u>	(83.02%)
Total Fund balance - all funds	<u><u>\$(8,930,741)</u></u>	<u><u>\$ 3,658,640</u></u>	<u><u>\$(12,589,381)</u></u>	(344.10%)

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

A. General Fund

The general fund – fund balance increased by \$9,472,980 during the year as compared to a decrease of \$(545,023) in the prior year. Actual operating revenues increased by \$5,493,629, mainly due to increases in other real property tax items of \$610,085, miscellaneous sources of \$861,898, State

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

sources of \$2,205,533 and federal sources of \$2,026,750 offset by a decrease interfund revenues of \$730,000. Actual operating expenditures decreased \$4,524,374, mainly due to decreases in general support of \$2,870,960, instruction of \$328,742 employee benefits of \$602,551 and transfers to other funds of \$574,405. The general fund transferred \$380,660 and \$250,000 to the special aid and capital projects funds, respectively.

Additionally, the general fund presents nonspendable reserve for advances of \$1,141,292 to the school food service fund which are not expected to be repaid within a year.

B. School Food Service Fund

The net change in the school food service fund – fund balance is an decrease of \$1,431,490 during the year as compared to an operating decrease of \$922,070 in the prior year. This decrease was primarily due to operating expenditures in excess of revenues due to the ongoing COVID-19 pandemic.

C. Special Revenue Fund

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

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$20,591,812, which is the result of capital outlay for the year in excess of revenues.

E. Debt Service Fund

The net change in the debt service – fund balance is a decrease of \$69,794, which is the result of interest earned for the year and a transfer to the general fund of \$70,000 for debt service payments in accordance with the voter approved 2020-2021 budget.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Adopted Budget

The District’s general fund original budget for the year ended June 30, 2021 was \$225,364,654. This amount was increased by encumbrances carried forward from the prior year in the amount of \$8,705 and budget revisions of \$778,169, which resulted in a final budget of \$226,151,528. The majority of the funding for the final budget was estimated to come from property taxes and STAR revenues of \$75,934,370 and state aid of \$136,824,184.

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Opening, unassigned fund balance,	\$ 5,392,650
Revenues over budget	9,523,223
Expenditures and encumbrances under budget	4,540,323
Transfers to reserves	(1,141,292)
Allocation of interest to reserves	(15,799)
Assigned, appropriated for June 30, 2021 budget	(2,100,000)
Closing, unassigned fund balance	\$ 16,199,105

Opening, Unassigned Fund Balance

The \$5,392,650 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned. The unassigned fund balance equaled 2.39% of the ensuing year's budget, which is within the statutory maximum of 4.00% according to New York State Real Property Tax Law.

Revenues Over Budget

The revenues over budget of \$9,523,223 were primarily attributable to other real property tax items, charges for services, miscellaneous revenues, and State sources. (See Supplemental Schedule 1 for details).

Expenditures and Encumbrances Under Budget

The expenditures and encumbrances under budget of \$4,540,323 were primarily in staff, central services, instruction, administration and improvement, occupational education, instructional media, pupil services, pupil transportation, employee benefits, and debt service offset by teaching-regular school and programs for children with disabilities. (See Supplemental Schedule 1 for details).

Transfers to Reserves

Monies transferred from budget lines within the general fund operating budget into required reserves do not affect the combined fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfers. During the current year, the nonspendable-advances to other funds was increased by \$1,141,292 for interfund receivables due from the school food service funds. These balances are not expected to be repaid within next year.

Interest Allocated to Reserves

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Workers' compensation	\$	1,250
Retirement contribution - NYS employees' retirement system		5,467
Retirement contribution - NYS teachers' retirement system		1,980
Employee benefit accrued liability		5,391
Unemployment insurance		696
Insurance		1,015
Total interest allocation	\$	15,799

Assigned Appropriated Fund Balance

The District has chosen to use \$2,100,000 of its available June 30, 2021 fund balance to partially fund its 2021-2022 voter approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summarized changes shown in the previous table, the District will begin the 2021-2022 fiscal year with an unassigned fund balance of \$16,199,105. This is an increase of \$10,806,455 in unassigned fund balance from the prior year. This amount is 6.55% of the 2021-2022 adopted budget and is over the statutory maximum established by New York State Real Property Tax Law. Management has reviewed and developed a plan to utilize any amounts over the 4% in the 2021-2022 fiscal year to meet other needs of the District.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets net of depreciation are as follows:

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

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	\$ 1,695,948	\$ 1,695,948	\$ -	0.00%
Construction in progress	53,743,192	30,816,184	22,927,008	74.40%
Buildings & improvements	68,927,285	68,927,285	-	0.00%
Furniture & equipment	5,935,733	3,946,616	1,989,117	50.40%
Site improvements	2,398,220	2,398,220	-	0.00%
Subtotal	132,700,378	107,784,253	24,916,125	23.12%
Less accumulated depreciation	55,567,044	52,155,986	3,411,058	6.60%
Total	\$ 77,133,334	\$ 55,628,267	\$ 21,505,067	38.66%

The District spent \$23,169,028 from the capital projects fund on building improvements and purchases of furniture and equipment, and \$1,056,489 and \$690,608 from the general fund and special aid fund, respectively, on furniture and equipment purchases during the year.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$14,120,000. Principal payments were made in the amount of \$3,265,000 for serial bonds. See Note 13 for more detailed information about the District’s long-term debt.

A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase/ (Decrease)
Serial bonds	\$ 14,120,000	\$ 17,385,000	\$ (3,265,000)

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, 2021, the demolition of the building was completed and the new building is under construction. The District has not issued any bonds related to this project.

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

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- A. The general fund budget for the 2021-2022 school year in the amount of \$247,223,026 was approved by 62.11% of those who voted. This is an increase of \$21,858,372, or 9.70% over the previous year’s budget. The increase was primarily due to increases in general and instruction services.
- B. On May 15, 2018, 71.77% of the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. As of June 30, 2021, the District has not issued any bonds related to this project.
- C. Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services, 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).
- D. The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.
- E. The District issued revenue anticipation notes on July 13, 2021, in the amount of \$43,000,000, which will mature on June 30, 2022 bearing a stated interest rate of 1.00%. The District received a premium of \$242,520 with the borrowing to yield an effective interest rate of 0.41%.
- F. The District issued bond anticipation notes on July 13, 2021, in the amount of \$25,480,000, which will mature on July 13, 2022 bearing a stated interest rate of 1.00%. The District received a premium of \$149,822 with the borrowing to yield an effective interest rate of 0.41%.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

G. The District is in the process of a capital asset appraisal. These reports were not available to be included at the time of issuance in these financial statements.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVATES
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	\$ 7,419,525
Restricted	16,361,289
Receivables	
Taxes receivable	4,396,322
State and federal aid	22,854,307
Due from other governments	2,419,769
Inventories	10,456
Non-current assets	
Capital assets	
Capital assets not being depreciated	55,439,140
Capital assets being depreciated, net of accumulated depreciation	<u>21,694,194</u>
TOTAL ASSETS	130,595,002
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - NYSERS	8,807,886
Deferred outflows of resources - NYSTRS	37,712,744
Total other post-employment benefit obligation	<u>53,974,485</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>231,090,117</u>
LIABILITIES	
Payables	
Accounts payable	\$ 7,264,112
Accrued liabilities	934,680
Accrued interest payable	663,074
Bond anticipation note payable	44,627,819
Due to other governments	1,347,225
Due to teachers' retirement system	6,378,266
Due to employees' retirement system	430,075
Compensated absences payable	327,184
Unearned credits	
Collections in advance	430,015
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,325,000
Compensated absences payable	725,000
Due and payable after one year	
Bonds payable	10,795,000
Compensated absences payable	5,924,067
Termination benefits payable	406,000
Workers' compensation claims payable	3,468,401
Net pension liability - proportionate share NYSERS	39,686
Net pension liability - proportionate share NYSTRS	10,602,579
Total other post-employment benefits obligation	<u>299,287,227</u>
TOTAL LIABILITIES	<u>396,975,410</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - NYSERS	12,143,852
Deferred inflows of resources - NYSTRS	6,006,792
Total other post-employment benefits obligation	<u>113,043,962</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>131,194,606</u>
NET POSITION	
Net investment in capital assets	<u>31,241,074</u>
Restricted	
Workers' compensation	101,977
Retirement contribution - NYS employees' retirement system	194,541
Retirement contribution - NYS teachers' retirement system	811,569
Employee benefit accrued liability	1,710,799
Unemployment insurance	160,572
Insurance	416,238
Debt service	14,274
Scholarships	19,423
Extraclassroom and other student activities	<u>117,663</u>
	<u>3,547,056</u>
Unrestricted (deficit)	<u>(331,868,029)</u>
TOTAL NET POSITION (DEFICIT)	<u>(297,079,899)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ <u>231,090,117</u>

See Accompanying Notes to Financial Statements.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	\$ (27,448,168)	\$ -	\$ -	\$ (27,448,168)
Instruction	(206,609,061)	1,295,122	14,245,165	(191,068,774)
Pupil transportation	(7,461,952)	-	-	(7,461,952)
Community services	(10,163)	-	-	(10,163)
Food service program	(3,013,327)	3,510	1,479,044	(1,530,773)
Debt service - interest	(1,554,343)	-	-	(1,554,343)
TOTAL FUNCTIONS AND PROGRAMS	\$ (246,097,014)	\$ 1,298,632	\$ 15,724,209	(229,074,173)
 GENERAL REVENUES				
Real property taxes				71,692,667
Other tax items - including STAR reimbursement				10,715,776
Use of money and property				76,751
Sale of property and compensation for loss				678,988
Miscellaneous				3,512,915
State sources				141,804,803
TOTAL GENERAL REVENUES				228,481,900
 CHANGE IN NET POSITION				(592,273)
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED. SEE NOTE 19				(296,487,626)
 TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$ (297,079,899)

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 2,634,526	\$ 265,445	\$ 311,427	\$ -	\$ 4,208,127	\$ -	\$ 7,419,525
Restricted	3,395,696	-	-	110,034	12,855,559	-	16,361,289
Receivables							
Taxes receivable	4,396,322	-	-	-	-	-	4,396,322
State and federal aid	10,651,318	11,153,638	591,628	-	457,723	-	22,854,307
Due from other governments	2,419,769	-	-	-	-	-	2,419,769
Due from governmental funds	13,155,674	-	-	27,052	-	14,274	13,197,000
Inventories	-	-	10,456	-	-	-	10,456
TOTAL ASSETS	\$ 36,653,305	\$ 11,419,083	\$ 913,511	\$ 137,086	\$ 17,521,409	\$ 14,274	\$ 66,658,668
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE							
Payables							
Accounts payable	\$ 3,670,550	\$ 693,177	\$ 37,530	\$ -	\$ 2,862,855	\$ -	\$ 7,264,112
Accrued liabilities	868,441	56,611	1,628	-	8,000	-	934,680
Bond anticipation note payable	-	-	-	-	44,627,819	-	44,627,819
Due to other governments	1,347,225	-	-	-	-	-	1,347,225
Due to governmental funds	41,326	10,239,280	2,005,189	-	911,205	-	13,197,000
Due to teachers' retirement system	6,378,266	-	-	-	-	-	6,378,266
Due to employees' retirement system	430,075	-	-	-	-	-	430,075
Compensated absences	327,184	-	-	-	-	-	327,184
Unearned credits							
Collections in advance	-	430,015	-	-	-	-	430,015
TOTAL LIABILITIES	13,063,067	11,419,083	2,044,347	-	48,409,879	-	74,936,376
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	653,033	-	-	-	-	-	653,033
TOTAL DEFERRED INFLOWS OF RESOURCES	653,033	-	-	-	-	-	653,033
FUND BALANCES							
Non-Spendable							
Inventory	-	-	10,456	-	-	-	10,456
Advances to other funds	1,141,292	-	-	-	-	-	1,141,292
Restricted							
Workers' compensation	101,977	-	-	-	-	-	101,977
Retirement contribution - NYS employees' retirement system	194,541	-	-	-	-	-	194,541
Retirement contribution - NYS teachers' retirement system	811,569	-	-	-	-	-	811,569
Employee benefit accrued liability	1,710,799	-	-	-	-	-	1,710,799
Unemployment insurance	160,572	-	-	-	-	-	160,572
Insurance	416,238	-	-	-	-	-	416,238
Debt service	-	-	-	-	-	14,274	14,274
Scholarships	-	-	-	19,423	-	-	19,423
Extraclassroom and other student activities	-	-	-	117,663	-	-	117,663
Assigned							
Appropriated fund balance	2,100,000	-	-	-	-	-	2,100,000
Unappropriated fund balance	101,112	-	-	-	-	-	101,112
Unassigned							
Unassigned fund balance	16,199,105	-	(1,141,292)	-	(30,888,470)	-	(15,830,657)
TOTAL FUND BALANCES	22,937,205	-	(1,130,836)	137,086	(30,888,470)	14,274	(8,930,741)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,653,305	\$ 11,419,083	\$ 913,511	\$ 137,086	\$ 17,521,409	\$ 14,274	\$ 66,658,668

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$ (8,930,741)

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	\$ 132,700,378	
Accumulated depreciation	<u>(55,567,044)</u>	77,133,334

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.		653,033
--	--	---------

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

Proportionate share of net pension liability - NYSTRS	(10,602,579)	
Deferred outflows of resources - NYSERS and NYSTRS pension related	46,520,630	
Proportionate share of net pension liability - NYSERS	(39,686)	
Deferred inflows of resources - NYSERS and NYSTRS pension related	<u>(18,150,644)</u>	17,727,721

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	53,974,485	
Total other post-employment benefits obligation	(299,287,227)	
Deferred inflows of resources - OPEB related	<u>(113,043,962)</u>	(358,356,704)

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

Bonds payable	(14,120,000)	
Workers' compensation claims payable	(3,468,401)	
Compensated absences payable	(6,649,067)	
Termination benefits payable	<u>(406,000)</u>	(24,643,468)

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.

(663,074)

Total Net Position (Deficit)		<u><u>\$ (297,079,899)</u></u>
------------------------------	--	--------------------------------

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 71,692,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,692,667
Other tax items - including STAR reimbursement	10,715,776	-	-	-	-	-	10,715,776
Charges for services	1,295,122	-	-	-	-	-	1,295,122
Use of money and property	76,537	-	-	8	-	206	76,751
Sale of property and compensation for loss	678,988	-	-	-	-	-	678,988
Miscellaneous	3,413,176	-	25,296	50,043	-	-	3,488,515
Interfund revenues	187,923	-	-	-	-	-	187,923
State sources	140,826,134	6,980,659	40,925	-	2,185,144	-	150,032,862
Federal sources	2,026,750	5,187,713	1,389,632	-	-	-	8,604,095
Surplus food	-	-	48,487	-	-	-	48,487
Sales	-	-	3,510	-	-	-	3,510
TOTAL REVENUES	230,913,073	12,168,372	1,507,850	50,051	2,185,144	206	246,824,696
EXPENDITURES							
General support	21,135,618	-	-	-	-	-	21,135,618
Instruction	150,182,532	12,549,032	-	19,316	-	-	162,750,880
Pupil transportation	7,458,829	-	-	-	-	-	7,458,829
Community services	5,881	-	-	-	-	-	5,881
Employee benefits	37,367,809	-	867,428	-	-	-	38,235,237
Debt service - principal	3,365,000	-	-	-	-	-	3,365,000
Debt service - interest	1,363,764	-	-	-	-	-	1,363,764
Cost of sales	-	-	2,071,912	-	-	-	2,071,912
Capital outlay	-	-	-	-	23,126,956	-	23,126,956
TOTAL EXPENDITURES	220,879,433	12,549,032	2,939,340	19,316	23,126,956	-	259,514,077
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,033,640	(380,660)	(1,431,490)	30,735	(20,941,812)	206	(12,689,381)
OTHER FINANCING SOURCES AND USES							
BANs redeemed from appropriations	-	-	-	-	100,000	-	100,000
Operating transfers in	70,000	380,660	-	-	250,000	-	700,660
Operating transfers (out)	(630,660)	-	-	-	-	(70,000)	(700,660)
TOTAL OTHER FINANCING SOURCES (USES)	(560,660)	380,660	-	-	350,000	(70,000)	100,000
NET CHANGE IN FUND BALANCES	9,472,980	-	(1,431,490)	30,735	(20,591,812)	(69,794)	(12,589,381)
FUND BALANCES - BEGINNING OF YEAR*	13,464,225	-	300,654	106,351	(10,296,658)	84,068	3,658,640
FUND BALANCES - END OF YEAR	\$ 22,937,205	\$ -	\$ (1,130,836)	\$ 137,086	\$ (30,888,470)	\$ 14,274	\$ (8,930,741)

* AS RESTATED, SEE NOTE 19

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, 2021

Net Change in Fund Balance		\$ (12,589,381)
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.		(1,132,032)
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, 2021 changed by:		(21,510)
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, 2021 changed by:		67,000
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, 2021 changed by:		787,694
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, 2021 changed by:		47,561,248
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, 2021 changed by:		(57,815,340)
Deferred outflows related to total net other post-employment benefits in the Statement of Activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred inflows related to total other post-employment benefits for the fiscal year ended June 30, 2021 changed by:		6,254,820
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 in the period:		
Capital outlays	\$24,916,125	
Depreciation expense	<u>(3,411,058)</u>	21,505,067
Long-Term Debt Transaction Differences		
Repayment of a bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		3,265,000
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, 2021 changed by:		(190,579)
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	718,884	
New York State Teachers' retirement system	<u>(9,003,144)</u>	<u>(8,284,260)</u>
Change in Net Position of Governmental Activities		<u>\$ (592,273)</u>

See Accompanying Notes to Financial Statements

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

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

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

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

B) Joint venture:

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

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

ii) Fund Financial Statements:

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

The District financial statements reflect the following major funds:

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

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

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

D) Measurement focus and basis of accounting:

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

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

E) Real property taxes:

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

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

Refer to Note 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and 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 assets.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

I) Cash and cash equivalents:

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

J) Restricted cash:

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

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 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, 2021.

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:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has six items that qualify for reporting in this category. The first five items are related to pensions reported in the District-wide Statement of Net Position. They represent the difference between expected and actual experience (NYSERS and NYSTRS), changes of assumptions (NYSERS and NYSTRS), net difference between projected and actual investment earnings on pension plan investments (NYTRS), changes in proportion and differences between the District's contributions and proportionate share of contributions (NYSERS and NYSTRS), and the District's contributions to the pension systems (NYSERS and NYSTRS) subsequent to the measurement date. The last item relates to other post-employment benefits for changes of assumptions or other inputs.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has six items that qualify for reporting in this category. The first four items are related to pensions reported in the District-wide Statement of Net Position. They represent the difference between expected and actual experience (NYSTRS), the changes of assumptions (NYSERS and NYSTRS), the net difference between projected and actual earnings on pension plan investments (NYSERS), changes in proportion and differences between the District's contributions and proportionate share of contributions (NYSERS and NYSTRS). The last two items are related to other post-employment benefits reported in the District-wide Statement of Net Position. They represent the difference between expected and actual experience and changes of assumptions or other inputs.

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

P) Employee benefits – Compensated absences and termination benefits:

Compensated absences

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

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

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

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

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

Termination benefits

In addition to the compensated absences, the teachers assistants contracts with the District provide for the lump sum payment upon termination of \$4,000, \$5,500 or \$8,500 after 10, 15 or 20 years of employment, respectively. The current estimated value of the payout is \$406,000 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 Retirement System or the New York State Teachers' Retirement System.

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

The District redeemed a \$10,000,00 RAN, \$26,000,000 in BANs, and issued and redeemed a \$43,000,000 RAN. The District also issued \$44,627,819 in BANs in the fiscal year ended June 30, 2021. (See Note 12 for further details).

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.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets (net of unspent proceeds).

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

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

ii) Fund Financial Statements

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

- 1) **Non-spendable fund balance** - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes advances to other funds recorded in the general fund of \$1,141,292 and inventory recorded in the school food service fund of \$10,456.
- 2) **Restricted fund balance** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

Workers' Compensation Reserve

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

Unemployment Insurance Reserve

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

Insurance Reserve

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Restricted for Debt Service

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the special revenue fund under restricted fund balance and amounted to \$19,423 at June 30, 2021.

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 \$117,663 at June 30, 2021.

- 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, 2021.
- 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 school food service had a deficit unassigned fund balance of *\$1,141,292. The deficit in school food service is primarily attributed to reduced meals served due to the COVID pandemic. Management will evaluate how to permanently fund the school food service program through a permanent transfer from the general fund or increasing meals prices.

The capital projects fund had a deficit fund balance of \$30,884,470. This will be funded when the District obtains permanent financing from its current construction project through bond issuances.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Order of Use of Fund Balance:

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

U) Change in accounting standard:

During the year ended June 30, 2021, the District adopted the following provisions of GASB:

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. See Note 19 for further consideration.

V) Future changes in accounting standards:

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

Statement No. 87 - *Leases*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - *Accounting for Interest Cost Incurred Before the End Of A Construction Period*. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - *Omnibus 2020*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

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

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

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

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

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

iv) Pension differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

Budget Revisions:	
Employee benefit accrued liability	\$ 500,000
Insurance recoveries	<u>278,169</u>
Total Budget Revisions	<u>\$ 778,169</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

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

B) Encumbrances:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

A) Cash:

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

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

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

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

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.

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, 2021 included \$16,361,289 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 BAN 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, 2021, the District was billed \$37,860,577 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,227,599. Financial statements for the Nassau BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, New York 11530.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2021 consisted of the following:

General fund:	
New York State Aid	
Excess cost aid	\$ 6,588,802
BOCES aid	1,914,083
General aid - prior years	473,768
NYS Unemployment	308,539
Federal aid - CARES	<u>1,366,126</u>
Total general fund	<u>10,651,318</u>
Special aid fund:	
State aid	8,203,049
Federal aid	<u>2,950,589</u>
Total special aid fund	<u>11,153,638</u>
School food service fund:	
State food service program reimbursement	16,339
Federal food service program reimbursement	<u>575,289</u>
Total school food service fund	<u>591,628</u>
Capital projects fund - State aid - SmartBonds	<u>457,723</u>
Total - all funds	<u><u>\$ 22,854,307</u></u>

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2021 consisted of the following:

General fund:	
PILOTS	\$ 1,533,357
Other districts - tuition	150,000
Town of Hempstead - CARES	<u>736,412</u>
Total	<u><u>\$ 2,419,769</u></u>

District management has deemed the amounts to be fully collectible.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2021 consisted of the following:

General fund - Other Districts - tuition health services \$ 1,347,225

NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2021 consisted of the following:

Special aid fund - grant funds received in advance \$ 430,015

NOTE 10 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,695,948	\$ -	\$ -	\$ 1,695,948
Construction in progress	30,816,184	22,927,008	-	53,743,192
Total capital assets not depreciated	32,512,132	22,927,008	-	55,439,140
Capital assets that are depreciated:				
Building & building improvements	68,927,285	-	-	68,927,285
Furniture and equipment	3,946,616	1,989,117	-	5,935,733
Site improvement	2,398,220	-	-	2,398,220
Total depreciable historical cost	75,272,121	1,989,117	-	77,261,238
Less accumulated depreciation:				
Building & building improvements	45,924,167	2,235,461	-	48,159,628
Furniture and equipment	4,237,615	1,117,765	-	5,355,380
Site improvement	1,994,204	57,832	-	2,052,036
Total accumulated depreciation	52,155,986	3,411,058	-	55,567,044
Total capital assets, net	\$ 55,628,267	\$ 21,505,067	\$ -	\$ 77,133,334

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Depreciation expense was charged to governmental functions as follows:

General support	\$ 68,165
Instruction	3,265,783
Pupil transportation	3,123
Food service program	<u>73,987</u>
	<u>\$ 3,411,058</u>

NOTE 11 – INTERFUND TRANSACTIONS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 13,155,674	\$ 41,326	\$ 70,000	\$ 630,660
Special aid fund	-	10,239,280	380,660	-
School food service	-	2,005,189	-	-
Special revenue fund	27,052	-	-	-
Capital projects fund	-	911,205	250,000	-
Debt service fund	<u>14,274</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Total government activities	<u>\$ 13,197,000</u>	<u>\$ 13,197,000</u>	<u>\$ 700,660</u>	<u>\$ 700,660</u>

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

The District made a \$250,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2020-2021 school budget to fund various school improvement projects.

The District made a \$70,000 transfer from the debt service fund to the general fund in accordance with the voter approved 2020-2021 school budget to return accumulated funds in the debt service fund to offset debt service expenditures.

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, 2021, the District issued revenue anticipation notes in the amount of \$43,000,000 and bond anticipation notes of \$44,627,819. The debt was issued for interim financing of general fund operations and capital projects. Transactions in short-term debt for the year are summarized below:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN	12/15/2020	1.75%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
RAN	6/30/2021	1.50%	-	43,000,000	43,000,000	-
BAN	7/15/2020	2.00%	20,000,000	-	20,000,000	-
BAN	7/15/2020	2.00%	6,000,000	-	6,000,000	-
BAN	7/14/2021	1.50%	-	25,900,000	-	25,900,000
BAN	12/1/2021	1.13%	-	18,727,819	-	18,727,819
	Total		<u>\$ 36,000,000</u>	<u>\$ 87,627,819</u>	<u>\$ 79,000,000</u>	<u>\$ 44,627,819</u>

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

	Total
Interest paid	\$ 1,044,264
Less interest accrued in the prior year	(287,002)
Plus interest accrued in the current year	<u>495,214</u>
Total expense	<u>\$ 1,252,476</u>

NOTE 13 – LONG-TERM DEBT OBLIGATIONS:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 17,385,000	\$ -	\$ 3,265,000	\$ 14,120,000	\$ 3,325,000
Other long-term liabilities:					
Compensated absences payable	6,627,557	1,142,201	1,120,691	6,649,067	725,000
Termination benefits payable	473,000	-	67,000	406,000	-
Workers' compensation claims payable	4,256,095	1,973,538	2,761,232	3,468,401	-
Net pension liability- proportionate share-NYSERS	12,213,390	1,929,074	14,102,778	39,686	-
Net pension liability- proportionate share-NYSTRS	-	16,361,258	5,758,679	10,602,579	-
Total other post-employment benefits obligation	<u>346,848,475</u>	<u>5,750,603</u>	<u>53,311,851</u>	<u>299,287,227</u>	<u>-</u>
Total long-term liabilities	<u>\$387,803,517</u>	<u>\$ 27,156,674</u>	<u>\$ 80,387,231</u>	<u>\$334,572,960</u>	<u>\$ 4,050,000</u>

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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
QZAB Bonds	12/22/06	12/15/22	7.25%	\$ 3,750,000
Serial Bonds	06/01/09	06/01/24	4.00 - 5.00%	1,600,000
Serial Bonds	07/18/13	07/15/28	3.00 - 4.00%	2,790,000
QZAB Bonds	10/02/13	07/15/28	1.15 - 5.30%	5,050,000
Serial Bonds	07/17/14	07/15/24	2.00 - 3.00%	930,000
				<u>\$ 14,120,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 3,325,000	\$ 413,382	\$ 3,738,382
2023	3,645,000	349,675	3,994,675
2024	1,710,000	280,684	1,990,684
2025	1,200,000	207,268	1,407,268
2026	995,000	163,652	1,158,652
2027-2029	3,245,000	220,802	3,465,802
	<u>\$ 14,120,000</u>	<u>\$ 1,635,463</u>	<u>\$ 15,755,463</u>

Unissued Debt

On June 13, 2006, the voters authorized the issuance of bonds not to exceed \$33,317,483 to construct improvements and alterations to all District owned school buildings and sites. As of June 30, 2021, the District had issued \$32,641,931 of bonds; \$675,552 of bonds had not been issued. The projects are almost completed and expenditures are recorded in the capital projects fund.

On March 15, 2011, the voters authorized the issuance of bonds not to exceed \$18,135,084 for the Prospect School Bond Project. As of June 30, 2021, the District had issued \$14,920,000 of bonds and \$3,215,084 of funding was provided by State sources and the general fund.

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, 2021, the District has not issued any bonds related to this project.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Long-Term Interest

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

	Total
Interest paid	\$ 319,500
Less interest accrued in the prior year	(185,493)
Plus interest accrued in the current year	167,860
Total expense	\$ 301,867

NOTE 14 – PENSION PLANS:

General information

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

Teachers’ Retirement System

The New York State Teachers’ Retirement System is a cost-sharing, multiple-employer retirement system. NYSTRS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

Year	NYSERS	NYSTRS
2021	\$ 1,929,074	\$ 5,758,678
2020	\$ 2,106,305	\$ 5,757,673
2019	\$ 2,071,849	\$ 7,237,074

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

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for NYSERS and June 30, 2020 for NYSTRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSERS and NYSTRS Systems in reports provided to the District.

	NYSERS	NYSTRS
Measurement date	March 31, 2021	June 30, 2020
District's proportionate share of the net pension liability	\$ 39,686	\$ 10,602,579
District's portion of the Plan's total net pension liability	0.0398555%	0.383697%
Change in proportion since the prior measurement date	0.0062666%	0.024566%

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$1,050,976 and \$14,777,586 for NYSERS and NYSTRS, respectively. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>NYSERS</u>	<u>NYSTRS</u>
Differences between expected and actual experience	\$ 484,670	\$ 9,289,981	\$ -	\$ 543,362
Changes of assumptions	7,296,922	13,409,795	137,622	4,779,891
Net difference between projected and actual investment earnings on pension plan investments	-	6,924,414	11,400,072	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	596,219	2,329,876	606,158	683,539
District's contributions subsequent to the measurement date	<u>430,075</u>	<u>5,758,678</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,807,886</u>	<u>\$ 37,712,744</u>	<u>\$ 12,143,852</u>	<u>\$ 6,006,792</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan Year Ending</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2021	\$ -	4,633,071
2022	(619,574)	8,840,437
2023	(215,367)	7,120,219
2024	(651,676)	4,318,656
2025	(2,279,424)	327,900
Thereafter	<u>-</u>	<u>706,991</u>
Total	<u>\$ (3,766,041)</u>	<u>25,947,274</u>

Actuarial Assumptions

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	NYSERS	NYSTRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	1.90% - 4.72%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
Cost of living adjustments	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (“ASOP”) No. 27, *Selections of Economic Assumptions for 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 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 are summarized below:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	NYSERS		NYSTRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	March 31, 2021		June 30, 2020	
Asset Type:				
Domestic equity	32.0%	4.05%	33.0%	7.10%
International equity	15.0%	6.30%	16.0%	7.70%
Private equity	10.0%	6.75%	8.0%	10.40%
Real estate equity	9.0%	4.95%	11.0%	6.80%
Absolute return strategies				
Opportunistic portfolio	3.0%	4.50%		
Real assets	3.0%	5.95%		
Bond and mortgages				
Cash and cash equivalents	1.0%	0.50%	1.0%	0.70%
Credit	4.0%	3.63%		
Domestic fixed income securities	23.0%	0.00%	16.0%	1.80%
High-yield bonds			1.0%	3.90%
Global bonds			2.0%	1.00%
Bonds and mortgages			7.0%	3.60%
Global equities			4.0%	7.40%
Private debt			1.0%	5.20%
	100.0%		100.0%	

* Real rates of return are net of a long-term assumption of 2.00% for NYSERS and 2.20% for NYSTRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for NYSERS and 7.1% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for NYSERS and 7.1% for NYSTRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for NYSERS and 6.1% for NYSTRS) or 1-percentage point higher (6.9% for NYSERS and 8.1% for NYSTRS) than the current rate:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	1% Decrease <u>(4.90%)</u>	Current <u>Assumption (5.90%)</u>	1% Increase <u>(6.90%)</u>
NYSERS			
Employer's proportionate share of the net pension liability/(asset)	<u>\$ 11,015,217</u>	<u>\$ 39,686</u>	<u>\$ (10,082,323)</u>
	1% Decrease <u>(4.90%)</u>	Current <u>Assumption (5.90%)</u>	1% Increase <u>(6.90%)</u>
NYSTRS			
Employer's proportionate share of the net pension liability/(asset)	<u>\$ 66,972,839</u>	<u>\$ 10,602,579</u>	<u>\$ (36,706,354)</u>

Pension Plan Fiduciary Net Position

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

	<u>NYSERS</u>	<u>NYSTRS</u>
	(Dollars in Thousands)	
	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan net position	<u>220,580,583</u>	<u>120,479,505</u>
Employers' net pension liability	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the Employers' total pension liability	99.95%	97.80%

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, 2021 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2021 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$430,075.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid deduction and remittance to NYSTRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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 \$619,588 and \$5,758,678, respectively, as of June 30, 2021. Total accrued NYSTRS contributions as of June 30, 2021 amount to \$6,378,266.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021, totaled \$3,351,918.

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, 2021 totaled \$277,668.

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 (86% to 90%) of retiree health insurance premiums was enacted through various contracts, which were ratified by the Board. The District assumes a portion of the premium costs and recognizes the cost of the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments are accrued. For the year ended June 30, 2021, the District contributed an estimated \$5,750,603 to the Plan including \$5,750,603 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any means other than the “pay as you go” method.

Employees Covered by Benefit Terms:

At June 30, 2021, the following employees were covered by the benefit terms:

Actives	885
Retirees	571
Spouses of retirees	162
Surviving spouses	20
Total members	1,638

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total OPEB Liability:

The District's total OPEB liability of \$299,287,227 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	2.16%
Salary Scale	2.60%
Healthcare cost trend rates	5.30% for 2020 - 4.10% over 55 years
Retirees' share of benefit-related costs	10% to 14% of projected health insurance premiums

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

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016. Mortality improvements are projected to date of decrement using Scale MP-2016 (generational mortality).

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

Changes in total OPEB liability:

Total OPEB liability as of July 1, 2020	<u>\$ 34,684,8475</u>
Service cost	13,057,796
Interest	7,890,731
Differences between expected and actual experience	(80,039,800)
Changes of assumptions or other inputs	17,280,628
Benefit payments	<u>(5,750,603)</u>
Total net changes	<u>(47,561,248)</u>
Total OPEB liability as of June 30, 2021	<u>\$ 299,287,227</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021 and a change in healthcare cost trend rated from 6.10% in 2020 to 5.30% in 2021.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The following presents the total OPEB liability of the District, calculated using the discount rate of 2.16%, 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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$ 357,152,159</u>	<u>\$ 299,287,227</u>	<u>\$ 253,540,149</u>

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

The following presents the total OPEB liability of the District, calculated using current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower (4.10%) or 1 percentage point higher (5.30%) than the current healthcare cost trend rate:

	1% Decrease (4.30%) Decreasing to (3.10%)	Healthcare Cost Trend Rates (5.30%) Decreasing to (4.10%)	1% Increase (6.30%) Decreasing to (5.10%)
Total OPEB liability	<u>\$ 244,491,046</u>	<u>\$ 299,287,227</u>	<u>\$ 371,849,404</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$9,749,875. At June 30, 2021, 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	\$ -	\$ 71,615,517
Changes of assumptions or other inputs	<u>53,974,485</u>	<u>41,428,445</u>
Total	<u>\$ 53,974,485</u>	<u>\$ 113,043,962</u>

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 11,198,652
2022	11,198,652
2023	11,198,652
2024	11,198,648
2025	6,088,893
Thereafter	<u>8,185,980</u>
Total	<u><u>\$ 59,069,477</u></u>

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 ("IBNR"). As of June 30, 2021, the District has recorded potential workers' compensation claims of \$3,468,401 and has a workers' compensation reserve balance of \$101,977.

	<u>2021</u>	<u>2020</u>
Unpaid claims at beginning of year	\$ 4,256,095	\$ 3,199,239
Incurred claims	1,973,538	3,095,756
Claims payments and adjustments	<u>(2,761,232)</u>	<u>(2,038,900)</u>
Unpaid claims at year end	<u><u>\$ 3,468,401</u></u>	<u><u>\$ 4,256,095</u></u>

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 \$6,136,954.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2021 the District had \$101,112 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. Operating Leases

The District leases various equipment under non-cancelable operating leases, principally in the general fund. Rental expense for the year ended June 30, 2021 was \$1,548,087. The minimum remaining operating lease payments are as follows:

Fiscal Year Ending June 30,	Total
2022	\$ 408,194
Total lease payments	\$ 408,194

In the year ended June 30, 2021, the District leased space in two buildings located in the District. The contracts were year to year. Anticipated costs for the 2020-21 year are \$1,139,896 which includes an additional leased space due to fire at Prospect Elementary School.

D. 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. However, it is not possible to determine the District's potential exposure, if any, at this time.

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.

F. Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

NOTE 19 – RESTATEMENT OF FUND BALANCES/NET POSITION

During fiscal the year ended June 30, 2021, the District implemented the provisions under GASB Statement No. 84, *Fiduciary Activities*, which required the District to review its fiduciary activities previously reported in the Agency and Private Purpose funds. Under the new GASB statement, certain activities no longer meet the requirements to be reported as fiduciary and are required to be reported in the governmental fund statements under the Special Revenue Fund. These activities include scholarships, student activities and Extraclassroom activity funds. As a result, the District’s opening fund balance for the Special Revenue Fund and the District’s Net Position (Deficit) was restated at July 1, 2020 as follows:

	General Fund	Miscellaneous Special Revenue Fund			Statement of Net Position
		Scholarships	Extraclassroom	Student Activities	
Fund Balance/Net Position (Deficit)					
Beginning of year, as reported	\$ 13,464,225	\$ -	\$ -	\$ -	\$ (296,593,977)
Assets					
Unrestricted cash	738,625	-	56,350	-	794,975
Restricted cash	-	20,917	-	-	20,917
Due from fiduciary funds	(459,513)	-	-	-	(459,513)
Due from governmental funds	-	-	-	29,084	29,084
Total assets	279,112	20,917	56,350	29,084	385,463
Liabilities					
Other liabilities	250,028	-	-	-	250,028
Due to fiduciary funds	29,084	-	-	-	29,084
Total liabilities	279,112	-	-	-	279,112
Fund Balance/Net Position (Deficit)					
Restricted	-	20,917	56,350	29,084	106,351
Unrestricted	-	-	-	-	-
Total Fund Balance	-	20,917	56,350	29,084	106,351
Fund Balance/Net Position (Deficit)					
Beginning of year, as restated	\$ 13,464,225	\$ 20,917	\$ 56,350	\$ 29,084	\$ (296,487,626)

NOTE 20 – SUBSEQUENT EVENTS:

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

The District issued revenue anticipation notes on July 13, 2021, in the amount of \$43,000,000, which will mature on June 30, 2022 bearing a stated interest rate of 1.00%. The District received a premium of \$242,520 with the borrowing to yield an effective interest rate of 0.41%.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District issued bond anticipation notes on July 13, 2021, in the amount of \$25,480,000, which will mature on July 13, 2022 bearing a stated interest rate of 1.00%. The District received a premium of \$149,822 with the borrowing to yield an effective interest rate of 0.41%.

**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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 75,934,370	\$ 71,692,667	\$ 71,692,667	\$ -
Other real property tax items	4,800,000	9,041,703	10,715,776	1,674,073
Charges for services	-	-	1,295,122	1,295,122
Use of money and property	-	-	76,537	76,537
Sale of property and compensation for loss	-	278,170	678,988	400,818
Miscellaneous	1,000,000	1,000,000	3,413,176	2,413,176
Interfund revenues	-	-	187,923	187,923
State Sources				
Basic formula	139,377,311	136,824,184	90,314,948	(46,509,236)
Excess cost aid	-	-	22,300,212	22,300,212
Lottery aid	-	-	18,699,474	18,699,474
BOCES aid	-	-	4,227,599	4,227,599
Textbook aid	-	-	570,210	570,210
Computer hardware/software aid	-	-	383,699	383,699
Library material aid	-	-	4,954	4,954
Other state aid	-	-	4,325,038	4,325,038
Federal Sources	-	2,553,126	2,026,750	(526,376)
OTHER FINANCING SOURCES				
Operating transfers in	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
TOTAL REVENUES	<u>221,181,681</u>	<u>221,459,850</u>	<u>\$ 230,983,073</u>	<u>\$ 9,523,223</u>
APPROPRIATED FUND BALANCE				
Appropriated Fund Balance	1,600,000	1,600,000		
Prior Year Encumbrances	8,705	8,705		
Appropriated Reserves	<u>2,582,973</u>	<u>3,082,973</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	<u>\$ 225,373,359</u>	<u>\$ 226,151,528</u>		

Budget Basis of Accounting

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 483,125	\$ 483,125	\$ 431,182	\$ -	\$ 51,943
Central administration	408,251	408,251	280,952	644	126,655
Finance	2,154,095	2,155,895	1,939,018	-	216,877
Staff	2,690,703	2,690,703	1,863,800	812	826,091
Central services	14,359,273	14,359,473	13,947,282	55,151	357,040
Special items	2,305,484	2,305,484	2,673,384	-	(367,900)
Instruction					
Instruction, administration & improvement	6,474,524	6,487,489	6,021,142	2,003	464,344
Teaching - regular school	89,573,779	89,667,393	90,771,900	11,301	(1,115,808)
Programs for children with disabilities	40,807,111	40,807,605	43,450,392	10,165	(2,652,952)
Occupational education	1,711,378	1,711,378	833,010	-	878,368
Teaching - special schools	302,500	302,500	188,981	-	113,519
Instructional media	3,225,443	3,185,728	2,210,640	12,680	962,408
Pupil services	7,709,840	7,712,640	6,706,467	8,356	997,817
Pupil transportation	8,478,354	8,408,195	7,458,829	-	949,366
Community services	7,200	7,200	5,881	-	1,319
Employee benefits	38,048,387	38,826,557	37,367,809	-	1,458,748
Debt service					
Debt service principal	4,755,000	4,755,000	3,365,000	-	1,390,000
Debt service interest	1,378,912	1,376,912	1,363,764	-	13,148
	<u>224,873,359</u>	<u>225,651,528</u>	<u>220,879,433</u>	<u>101,112</u>	<u>4,670,983</u>
OTHER FINANCING USES					
Transfers to other funds	500,000	500,000	630,660	-	(130,660)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 225,373,359</u>	<u>\$ 226,151,528</u>	<u>\$ 221,510,093</u>	<u>\$ 101,112</u>	<u>\$ 4,540,323</u>
Net change in fund balance			9,472,980		
Fund balance - beginning			<u>13,464,225</u>		
Fund balance - ending			<u>\$ 22,937,205</u>		

Budget Basis of Accounting

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

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

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 13,057,796	\$ 12,555,432	\$ 16,010,987	\$ 14,174,143
Interest	7,890,731	9,942,353	10,304,165	9,734,694
Differences between expected and actual experience	(80,039,800)	-	(4,802,361)	(748,628)
Changes of assumptions or other inputs	17,280,628	56,241,034	(71,020,190)	-
Benefit payments	<u>(5,750,603)</u>	<u>(6,746,258)</u>	<u>(6,150,300)</u>	<u>(5,881,053)</u>
Net change in total OPEB liability	(47,561,248)	71,992,561	(55,657,699)	17,279,156
Total OPEB liability - beginning	<u>346,848,475</u>	<u>274,855,914</u>	<u>330,513,613</u>	<u>313,234,457</u>
Total OPEB liability - ending	<u>\$ 299,287,227</u>	<u>\$ 346,848,475</u>	<u>\$ 274,855,914</u>	<u>\$ 330,513,613</u>
District's covered payroll	\$ 68,613,822	\$ 73,553,958	\$ 73,553,958	\$ 78,158,695
Contributions as a percentage of covered payroll	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 LIABILITY/(ASSET)
FOR THE FISCAL YEARS ENDED JUNE 30,
(Dollar amounts in thousands)**

NYSERS Pension Plan							
	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	0.03986%	0.04612%	0.04656%	0.04504%	0.04827%	0.04547%	0.04676%
District's proportionate share of the net pension liability	\$ 40	\$ 12,213	\$ 3,299	\$ 1,486	\$ 4,536	\$ 7,298	\$ 1,580
District's covered payroll	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.30%	79.80%	21.00%	10.25%	32.22%	51.40%	11.07%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

NYSTRS Pension Plan							
	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability/(asset)	0.38370%	0.40826%	0.40363%	0.39345%	0.40480%	0.43395%	0.44572%
District's proportionate share of the net pension liability/(asset)	\$ 10,603	\$ (10,607)	\$ (7,299)	\$ (2,991)	\$ 4,336	\$ (45,073)	\$ (49,650)
District's covered payroll	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-16.95%	15.77%	10.67%	4.53%	6.89%	-70.50%	-70.98%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

* Notes to Required Supplementary Information

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

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

NYSERS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,929	\$ 2,106	\$ 2,072	\$ 2,085	\$ 2,132	\$ 2,222	\$ 2,484	\$ 2,599	\$ 2,442	\$ 1,855
Contributions in relation to the contractually required contribution	1,929	2,106	2,072	2,085	2,132	2,222	2,484	2,599	2,442	1,855
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264	\$ 13,995	\$ 13,309	\$ 13,573
Contributions as a percentage of covered payroll	14.30%	13.76%	13.19%	14.38%	15.14%	15.65%	17.41%	18.57%	18.35%	13.67%

NYTRS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 5,759	\$ 5,758	\$ 7,237	\$ 6,443	\$ 7,307	\$ 8,303	\$ 11,796	\$ 11,068	\$ 7,831	\$ 7,294
Contributions in relation to the contractually required contribution	5,759	5,758	7,237	6,443	7,307	8,303	11,796	11,068	7,831	7,294
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950	\$ 68,032	\$ 64,660	\$ 63,899
Contributions as a percentage of covered payroll	9.21%	8.56%	10.58%	9.76%	11.60%	12.99%	16.86%	16.27%	12.11%	11.41%

HEMPSTEAD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 225,364,654
Add prior year's encumbrances		8,705
Original Budget		<u>225,373,359</u>
Budget Revision:		
Employee benefit accrued liability reserve	\$ 500,000	
Insurance recoveries	278,169	778,169
Final Budget		<u><u>\$ 226,151,528</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget		<u><u>\$ 247,223,026</u></u>
Maximum allowed (4% of 2021-22 budget)		<u><u>\$ 9,888,921</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 2,201,112	
Unassigned fund balance		16,199,105
Total unrestricted fund balance		<u>18,400,217</u>
Less:		
Appropriated fund balance	2,100,000	
Encumbrances included in assigned fund balance		101,112
Total adjustments		<u>2,201,112</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 16,199,105</u></u>
Actual percentage of 2021-22 budget		<u><u>6.55%</u></u>

* Per New York State 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, 2021**

PROJECT TITLE SED Project#	Budget		Expenditures and Transfers			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
	June 30, 2020	June 30, 2021	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Projects Funded by Appropriations											
District-wide improvements	\$ 1,500,000	\$ 1,500,000	\$ 11,413	\$ -	\$ 11,413	\$ 1,488,587	\$ -	\$ -	\$1,500,000	\$ 1,500,000	\$ 1,488,587
2018-2019	<u>1,035,490</u>	<u>1,285,490</u>	<u>803,702</u>	<u>1,086,585</u>	<u>1,890,287</u>	<u>(604,797)</u>	-	-	<u>1,285,490</u>	<u>1,285,490</u>	<u>(604,797)</u>
Projects Funded by Appropriations	<u>2,535,490</u>	<u>2,785,490</u>	<u>815,115</u>	<u>1,086,585</u>	<u>1,901,700</u>	<u>883,790</u>	-	-	<u>2,785,490</u>	<u>2,785,490</u>	<u>883,790</u>
Bond issue - 2018 - 19											
09-0009	3,328,550	3,328,550	3,245,413	17,710	3,263,123	65,427	3,328,550	-	-	3,328,550	65,427
92-0001	<u>43,071,028</u>	<u>43,071,028</u>	<u>8,288,629</u>	<u>19,837,517</u>	<u>28,126,146</u>	<u>14,944,882</u>	<u>42,971,028</u>	-	<u>100,000</u>	<u>43,071,028</u>	<u>14,944,882</u>
Rhodes/New Building	<u>46,399,578</u>	<u>46,399,578</u>	<u>11,534,042</u>	<u>19,855,227</u>	<u>31,389,269</u>	<u>15,010,309</u>	<u>46,299,578</u>	-	<u>100,000</u>	<u>46,399,578</u>	<u>15,010,309</u>
Bond issue - 2010 - 11											
Prospect School 008-012	<u>18,247,083</u>	<u>18,247,083</u>	<u>18,247,083</u>	-	<u>18,247,083</u>	-	<u>14,920,000</u>	<u>2,760,811</u>	<u>454,273</u>	<u>18,135,084</u>	<u>(111,999)</u>
Bond issue - 2005 - 06											
Hempstead High School 0020-020	13,515,982	13,515,982	13,215,822	-	13,215,822	300,160	13,515,982	-	-	13,515,982	300,160
Hempstead High School 0020-024	205,500	205,500	201,100	-	201,100	4,400	205,500	-	-	205,500	4,400
Hempstead Middle School 0001-022	5,810,164	5,810,164	5,810,164	-	5,810,164	-	5,810,164	-	-	5,810,164	-
Hempstead Middle School 0001-023	211,432	211,432	211,432	-	211,432	-	211,432	-	-	211,432	-
Franklin Street Elementary 0002-013	3,613,905	3,613,905	3,613,905	-	3,613,905	-	3,613,905	-	-	3,613,905	-
Franklin Street Elementary 0003-014	2,384,283	2,384,283	2,384,283	-	2,384,283	-	2,384,283	-	-	2,384,283	-
Jackson Main Elementary 0004-013	2,420,482	2,420,482	2,420,482	-	2,420,482	-	2,420,482	-	-	2,420,482	-
Jackson Annex 0005-009	1,474,492	1,474,492	1,474,492	-	1,474,492	-	1,474,492	-	-	1,474,492	-
Ludlum Elementary 0006-015	2,260,529	2,260,529	2,260,529	-	2,260,529	-	2,260,529	-	-	2,260,529	-
Marshall School 0007-013	<u>1,420,714</u>	<u>1,420,714</u>	<u>1,420,714</u>	-	<u>1,420,714</u>	-	<u>1,420,714</u>	-	-	<u>1,420,714</u>	-
	<u>33,317,483</u>	<u>33,317,483</u>	<u>33,012,923</u>	-	<u>33,012,923</u>	<u>304,560</u>	<u>33,317,483</u>	-	-	<u>33,317,483</u>	<u>304,560</u>
SmartBonds											
SB-0001	-	5,269,387	-	2,185,144	2,185,144	3,084,243	-	5,269,387	-	5,269,387	3,084,243
	<u>\$ 100,499,634</u>	<u>\$ 106,019,021</u>	<u>\$ 63,609,163</u>	<u>\$ 23,126,956</u>	<u>\$ 86,736,119</u>	<u>\$ 19,282,902</u>	<u>\$ 94,537,061</u>	<u>\$ 8,030,198</u>	<u>\$3,339,763</u>	<u>\$ 105,907,022</u>	19,170,903
											Unissued Debt 2018-2019 (46,299,578)
											Unissued Debt 2005-2006 (675,552)
											Uncertified SmartBonds Aid (3,084,243)
										Fund Balance	\$ (30,888,470)

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, 2021**

Capital assets, net				\$ 77,133,334
Deduct:				
Bond anticipation notes payable	\$	44,627,819		
Short-term portion of bonds payable		3,325,000		
Long-term portion of bonds payable		10,795,000		
Less: Unspent BAN proceeds		<u>(12,855,559)</u>	<u>45,892,260</u>	
Net investment in capital assets				<u><u>\$ 31,241,074</u></u>

See Paragraph on Other Information Included in Auditor's Report