



**WEST HEMPSTEAD PUBLIC SCHOOLS**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS

June 30, 2023

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

---

	<u><b>Page</b></u>
<b>Independent Auditor's Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis (MD&A)	4
<b>Financial Statements:</b>	
Statement of Net Position	19
Statement of Activities	20
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Fiduciary Net Position – Fiduciary Fund	25
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	25
Notes to Financial Statements	26
<b>Required Supplementary Information Other than MD&amp;A:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	56
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	58
Schedule of District Pension Contributions	59
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	60
<b>Other Information:</b>	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	61
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	62
Schedule of Net Investment in Capital Assets	63
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	64

JAMES E. DANOWSKI, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
MICHAEL J. LEONE, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA



VINCENT D. CULLEN, CPA  
(1950 - 2013)  
PETER F. RODRIGUEZ, CPA  
(RET.)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
West Hempstead Union Free School District  
West Hempstead, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on pages 61 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023 on our consideration of the West Hempstead Union Free School 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 West Hempstead Union Free School 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 West Hempstead Union Free School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*  
October 13, 2023

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The West Hempstead Union Free School District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net position was a deficit of \$131,729,646 in the district-wide financial statements at June 30, 2023, compared to a deficit of \$125,964,956 at June 30, 2022. The deficit increased by \$5,764,690 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$77,465,176. Of this amount, \$4,797,510 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$66,902,976 amount to 93.3% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements, was \$15,676,281 at June 30, 2023. This balance represents a \$404,605 decrease from the prior year due to an excess of expenditures and other financing uses over revenues and other financing sources, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
  - Restricted fund balances decreased by \$841,036 due to the budgeted use of reserves for expenditures, offset by interest earnings allocated to the reserves.
  - Assigned unappropriated fund balance for open encumbrances increased by \$108,987.
  - Unassigned fund balance increased by \$327,444 to \$2,823,397.
- The District's 2022-2023 original property tax levy of \$48,524,651, approved by the voters on June 21, 2022, was a 1.50% increase over the 2021-2022 tax levy and was lower than the District's tax cap.
- On March 15, 2016, the District's voters approved a bond proposition of \$35,570,029 to fund needed district-wide capital improvements. On June 8, 2023, the District issued \$6,100,000 of serial bonds. The bond proceeds along with \$400,000 of bond premium were used to redeem the outstanding bond anticipation note (BAN) and provide additional funds for the capital improvements project. As of June 30, 2023, the District has issued serial bonds totaling \$31,775,000, received \$3,050,000 in bond premiums, and provided \$515,000 of permanent financing from the general fund appropriations for the capital improvements project. The balance of authorized but unissued debt is \$230,029. Work is continuing with total expenditures of \$33,965,610 (95.5% of the total budget) having been recorded in the capital projects fund.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

---



**A. District-Wide Financial Statements**

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

---

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, workers' compensation claims, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activity funds, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position decreased by \$5,764,690 between fiscal year 2023 and 2022. The increase in deficit is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
<b>Asset</b>				
Current and Other Assets	\$ 25,916,951	\$ 27,068,999	\$ (1,152,048)	(4.26)%
Capital Assets, Net	50,653,845	51,349,267	(695,422)	(1.35)%
Net Pension Assets - Proportionate Share	-	24,554,258	(24,554,258)	(100.00)%
Total Assets	76,570,796	102,972,524	(26,401,728)	(25.64)%
<b>Deferred Outflows of Resources</b>	42,540,217	16,110,711	26,429,506	164.05 %
<b>Liabilities</b>				
Current and Other Liabilities	6,081,739	12,565,314	(6,483,575)	(51.60)%
Long-Term Liabilities	40,151,378	35,808,789	4,342,589	12.13 %
Net Pension Liabilities - Proportionate Share	5,811,023	-	5,811,023	N/A
Total OPEB Liability	147,084,781	148,085,370	(1,000,589)	(0.68)%
Total Liabilities	199,128,921	196,459,473	2,669,448	1.36 %
<b>Deferred Inflows of Resources</b>	51,711,738	48,588,718	3,123,020	6.43 %
<b>Net Position (Deficit)</b>				
Net investment in capital assets	14,758,072	14,033,944	724,128	5.16 %
Restricted	10,162,565	11,003,601	(841,036)	(7.64)%
Unrestricted (Deficit)	(156,650,283)	(151,002,501)	(5,647,782)	(3.74)%
Total Net Position (Deficit)	\$ (131,729,646)	\$ (125,964,956)	\$ (5,764,690)	(4.58)%

The decrease in current and other assets is primarily due to lower cash balances, offset by increases in amounts due from state and federal, and other governments.

The decrease in capital assets, net is due to depreciation/amortization expense in excess of capital additions. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State," provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension plans that will be amortized in future years.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The decrease in current and other liabilities is primarily due to the repayment of BAN payable and lower accounts payable, offset by an increase in the amount due to the teachers' retirement system.

The increase in long-term liabilities is primarily the result of a new serial bond issued in June 2023, offset by principal repayments on existing long-term debt.

Net pension liabilities – proportionate share represents the District's share of the TRS' and the ERS' collective net pension liabilities, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year, to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total OPEB liability decreased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plans and the OPEB plan that will be amortized in future years, as well as the amount of long-term lease receivable that will be amortized and recognized as lease revenues over the remaining term of the lease.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/amortization and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves, which decreased from the prior year due to the budgeted use of reserves, offset by interest earnings allocated to the reserves.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for OPEB liability.

## **B. Changes in Net Position**

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements, school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 1,122,159	\$ 1,140,851	\$ (18,692)	(1.64)%
Operating Grants & Contributions	3,601,537	4,063,864	(462,327)	(11.38)%
Capital Grants	73,814	410,440	(336,626)	(82.02)%
General Revenues				
Property Taxes and STAR	48,649,458	47,851,447	798,011	1.67 %
State Sources	14,578,693	12,494,448	2,084,245	16.68 %
Other	3,674,825	2,927,917	746,908	25.51 %
Total Revenues	<u>71,700,486</u>	<u>68,888,967</u>	<u>2,811,519</u>	4.08 %

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
<b>Expenses</b>				
General Support	\$ 9,607,441	\$ 9,067,401	\$ 540,040	5.96 %
Instruction	58,260,214	53,156,288	5,103,926	9.60 %
Pupil Transportation	7,660,628	7,373,971	286,657	3.89 %
Debt Service - Interest	1,009,175	1,105,082	(95,907)	(8.68)%
Food Service Program	927,718	1,072,871	(145,153)	(13.53)%
Total Expenses	<u>77,465,176</u>	<u>71,775,613</u>	<u>5,689,563</u>	7.93 %
Decrease in Net Position	<u>\$ (5,764,690)</u>	<u>\$ (2,886,646)</u>	<u>\$ (2,878,044)</u>	(99.70)%

The District's net position decreased by \$5,764,690 and \$2,886,646 for the years ended June 30, 2023 and 2022, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022-2023 budget.
- The increase in state sources is mainly due to the District receiving more in general aid and lottery aid.
- Operating grants decreased primarily because the federal government ended its waiver to provide free meals to all school children in response to the COVID-19 pandemic after the 2021-2022 school year.
- Capital grants decreased as the District's current year capital spending eligible for the Smart Schools Bond Act grant funding was lower than the spending in the prior year.
- Other revenues increased primarily due to higher interest earnings on the District's cash in bank, and a refund of prior year's expense, as a result of a reversal of a payroll tax penalty that was resolved during the current year in the District's favor.

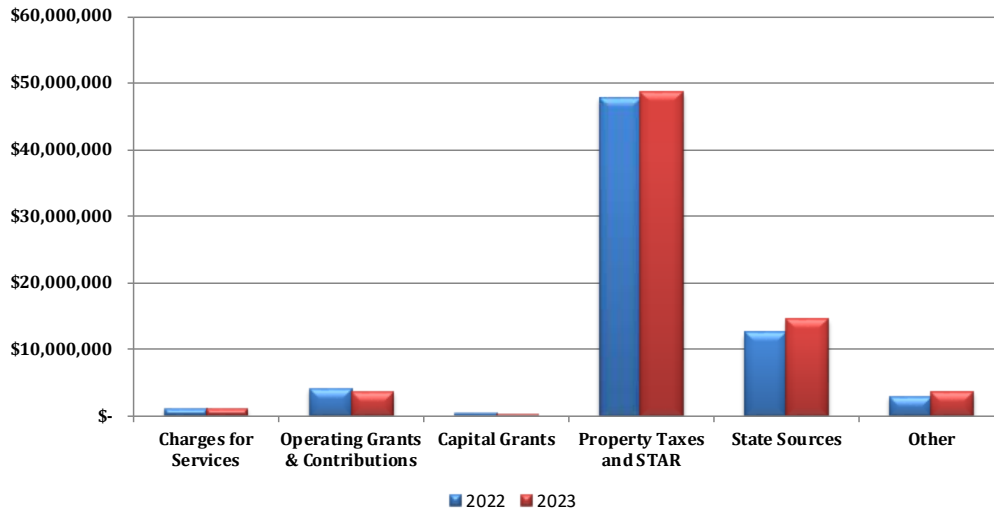
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on contractual increases in payroll expenses and the impact of allocations of the net change in actuarially determined expenses for TRS, ERS, and OPEB costs.
- Pupil transportation expenses increased due to a rise in contract bus expenses.
- The food service program decreased, the District served more reimbursable meals during the 2021-2022 school year due to the federal waiver providing free meals to all students; as a result, the fees charged by the food service management company were higher in the prior year.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

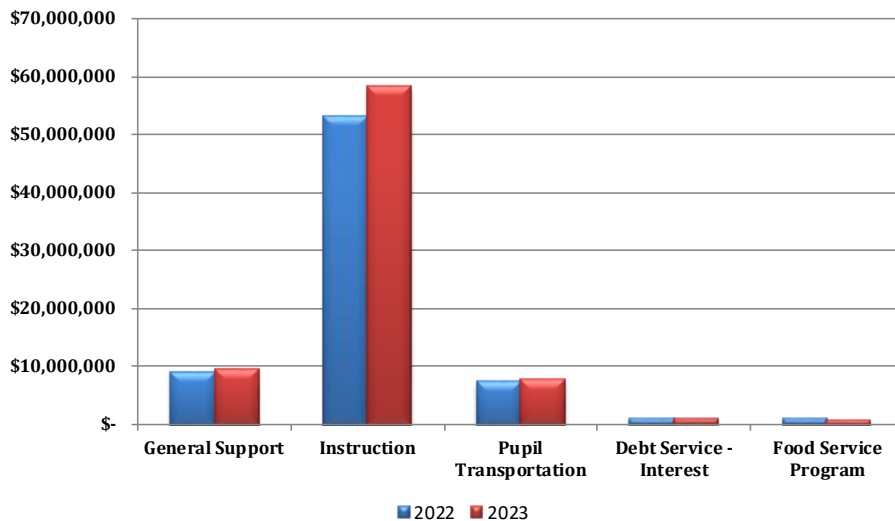
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 67.9% and 69.5% of the total for the years 2023 and 2022, respectively). Instruction expense is the largest category of expenses incurred (i.e., 75.2% and 74.1% of the total for the years 2023 and 2022, respectively).

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2022	1.7%	5.9%	0.6%	69.5%	18.1%	4.2%
2023	1.6%	5.0%	0.1%	67.9%	20.3%	5.1%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2022	12.6%	74.1%	10.3%	1.5%	1.5%
2023	12.4%	75.2%	9.9%	1.3%	1.2%

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$18,779,370, an increase of \$5,258,147 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Restricted				
Unemployment insurance	\$ 565,681	\$ 552,428	\$ 13,253	2.40 %
Retirement contribution				
Teachers' retirement system	852,404	617,587	234,817	38.02 %
Employees' retirement system	6,142,900	7,094,127	(951,227)	(13.41)%
Employee benefit accrued liability	2,601,580	2,739,459	(137,879)	(5.03)%
Assigned:				
Appropriated fund balance	2,425,000	2,425,000	-	0.00 %
Unappropriated fund balance	265,319	156,332	108,987	69.72 %
Unassigned: Fund balance	2,823,397	2,495,953	327,444	13.12 %
	<u>15,676,281</u>	<u>16,080,886</u>	<u>(404,605)</u>	<u>(2.52)%</u>
<b>School Food Service Fund</b>				
Nonspendable: Inventories	1,358	3,176	(1,818)	(57.24)%
Assigned: Unappropriated fund balance	97,864	113,704	(15,840)	(13.93)%
	<u>99,222</u>	<u>116,880</u>	<u>(17,658)</u>	<u>(15.11)%</u>
<b>Debt Service Fund</b>				
Restricted: Debt	<u>588,908</u>	<u>637,956</u>	<u>(49,048)</u>	<u>(7.69)%</u>
<b>Capital Projects Fund</b>				
Restricted: Unspent bond proceeds	1,374,390	-	1,374,390	N/A
Assigned: Unappropriated fund balance	981,487	-	981,487	N/A
Unassigned: Fund balance (deficit)	-	(3,369,911)	3,369,911	100.00 %
	<u>2,355,877</u>	<u>(3,369,911)</u>	<u>5,725,788</u>	<u>169.91 %</u>
<b>Extraclassroom Activity Funds</b>				
Assigned: Unappropriated fund balance	<u>59,951</u>	<u>56,281</u>	<u>3,670</u>	<u>6.52 %</u>
<b>Scholarships Fund</b>				
Unassigned: Fund balance (deficit)	<u>(869)</u>	<u>(869)</u>	<u>-</u>	<u>0.00 %</u>
<b>Total Fund Balance</b>	<u>\$ 18,779,370</u>	<u>\$ 13,521,223</u>	<u>\$ 5,258,147</u>	<u>38.89 %</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**A. General Fund**

The net change in the general fund-fund balance is a decrease of \$404,605, compared to a decrease of \$1,735,737 in the prior year. This resulted from expenditures and other financing uses in excess of revenues and other financing sources, reflecting the District's planned use of appropriated reserves.

The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year.

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 48,649,458	\$ 47,851,447	\$ 798,011	1.67 %
Other Tax Items - PILOT & Interest	1,357,802	1,301,984	55,818	4.29 %
Other Local Sources	3,030,920	2,495,481	535,439	21.46 %
State Sources	14,578,693	12,494,448	2,084,245	16.68 %
Medicaid Reimbursement	146,798	120,330	26,468	22.00 %
Federal Sources	15,930	96,950	(81,020)	(83.57)%
Other Financing Sources	200,000	-	200,000	N/A
	<u>\$ 67,979,601</u>	<u>\$ 64,360,640</u>	<u>\$ 3,618,961</u>	5.62 %

- Property taxes and STAR increased due to a rise in the tax levy in accordance with the 2022-2023 voter-approved budget and a receivable for prior years' restored taxes due from the County.
- Other local sources increased mainly due to higher bank interest earnings and the refund of a prior year expenditure.
- State sources increased due to more general aid and lottery aid received.
- Other financing sources increased due to the budgeted transfer of funds from the District's debt service fund and a Board-approved return of unexpended funds from the capital projects fund.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 6,683,745	\$ 6,521,306	\$ 162,439	2.49 %
Instruction	34,955,227	33,795,582	1,159,645	3.43 %
Pupil Transportation	7,456,343	7,170,514	285,829	3.99 %
Employee Benefits	15,783,544	15,136,472	647,072	4.27 %
Debt Service	3,284,077	3,241,671	42,406	1.31 %
Other Financing Uses	221,270	230,832	(9,562)	(4.14)%
	<u>\$ 68,384,206</u>	<u>\$ 66,096,377</u>	<u>\$ 2,287,829</u>	3.46 %

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

- Payroll costs increased primarily due to contractual salary and step increases.
- Pupil transportation increased due to increases in bus contract costs.
- Employee benefits increased due to higher health insurance premiums, and a higher pension contribution rate for the District's liability to the TRS.

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

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Unemployment insurance	\$ 552,428	\$	\$ 13,253	\$	\$ 565,681
Retirement contribution					
TRS	617,587	(250,000)	14,817	470,000	852,404
ERS	7,094,127	(651,424)	170,197	(470,000)	6,142,900
EBALR	2,739,459	(203,603)	65,724		2,601,580
	<u>\$11,003,601</u>	<u>\$ (1,105,027)</u>	<u>\$ 263,991</u>	<u>\$ -</u>	<u>\$10,162,565</u>

As permitted by General Municipal Law, the Board authorized a transfer of funds within the retirement contribution reserve from the ERS reserve to the TRS sub-fund. The final amount transferred was \$470,000.

**B. School Food Service Fund**

The school food service fund - fund balance net decrease is the operating loss of the 2022-2023 school year.

**C. Debt Service Fund**

The debt service fund – fund balance net decrease represents the budgeted transfer to the general fund.

**D. Capital Projects Fund**

The capital projects fund – fund balance net increase is the result of the issuance of serial bonds to provide permanent financing for the ongoing capital bond projects, offset by expenditures related to ongoing capital improvement projects.

**E. Extraclassroom Activity Funds**

The extraclassroom activity funds – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

**F. Scholarships Fund**

The scholarships fund – fund balance deficit remained the same as the prior year.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

---

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Budget**

The District's general fund adopted budget for the year ended June 30, 2023 was \$71,135,474. This amount was increased by encumbrances carried forward from the prior year in the amount of \$156,332, for a total final budget of \$71,291,806.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$48,524,651 in estimated property taxes and STAR.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues and other financing sources over expenditures and other financing uses, net of transfers to reserves, appropriations to fund the subsequent year's budget, and encumbrances. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 2,495,953
Revenues and Other Financing Sources Over Budget	669,127
Expenditures, Other Financing Uses, and Encumbrances Under Budget	2,642,281
Allocation to Reserves	(263,991)
Unused Budgeted Reserves	(294,973)
Appropriated for the 2023-2024 Budget	<u>(2,425,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 2,823,397</u></u>

**Opening, Unassigned Fund Balance**

The \$2,495,953 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

**Revenues and Other Financing Sources Over Budget**

The 2022-2023 final budget for revenues and other financing sources was \$67,310,474. Actual revenues and other financing sources recognized for the year were \$67,979,601. Actual total revenues and other financing sources were higher than estimated or budgeted revenues and other financing sources by \$669,127, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund, provides additional information.



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

---

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was \$71,291,806. Actual expenditures and other financing uses as of June 30, 2023, were \$68,384,206 and outstanding encumbrances were \$265,319. Combined, the expenditures and other financing uses plus encumbrances for 2022-2023 were \$68,649,525. The final budget variance was \$2,642,281, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Interest earnings allocated to authorized restricted reserves do not affect the total fund balance, unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these allocated monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this MD&A details the allocation of interest earnings and funding transfers, if any, to the reserves.

Unused Budgeted Reserves

In the 2022-2023 budget, \$1,400,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated ERS contribution and compensated absences expenditures, \$294,973 of this funding was not needed and, therefore, was returned to the retirement contribution reserve for ERS, and the employee benefit accrued liability reserve. The table in §4.A. of this MD&A details the budgeted reserves.

Appropriated Fund Balance

The District has chosen to use \$2,425,000 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2023 was \$2,823,397. This amount equals 3.81% of the 2023-2024 budget and is below the 4% statutory limit established by Real Property Tax Law §1318.

**6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES**

**A. Capital Assets, Net**

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation/amortization expense of \$1,449,563 in excess of capital additions of \$754,141 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2023 and 2022 is as follows:

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	2023	2022	Increase (Decrease)
Land	\$ 3,168,980	\$ 3,168,980	\$ -
Construction in progress	25,001,214	24,287,002	714,212
Buildings and improvements	18,868,350	19,840,780	(972,430)
Site improvements	3,157,954	3,438,423	(280,469)
Furniture and equipment	352,343	437,253	(84,910)
Leased equipment and fixtures	105,004	176,829	(71,825)
Capital assets, net	<u>\$ 50,653,845</u>	<u>\$ 51,349,267</u>	<u>\$ (695,422)</u>

**B. Debt Administration**

At June 30, 2023, the District had combined total debt of \$33,876,831. The decreases in outstanding debt represent principal payments made throughout the year, while the increase indicates a new issuance. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Issue/ Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
<b>Bonds Payable</b>				
6/12/2014	2.0-4.0%	\$ 5,370,000	\$ 5,745,000	\$ (375,000)
6/13/2019	3.0-5.0%	11,510,000	12,305,000	(795,000)
6/10/2021	2.0-5.0%	10,080,000	10,645,000	(565,000)
6/8/2023	4.0-5.0%	6,100,000	-	6,100,000
		<u>\$ 33,060,000</u>	<u>\$ 28,695,000</u>	<u>\$ 4,365,000</u>
<b>Installment Purchase Debt Payable</b>				
7/15/2020	5.63%	\$ -	\$ 5,837	\$ (5,837)
<b>Energy Performance Contract Payable</b>				
12/23/2010	3.24%	\$ 708,519	\$ 929,912	\$ (221,393)
<b>Lease Liabilities</b>				
10/15/2019	3.00%	\$ 85,893	\$ 150,147	\$ (64,254)
7/22/2021	3.00%	22,419	29,457	(7,038)
		<u>\$ 108,312</u>	<u>\$ 179,604</u>	<u>\$ (71,292)</u>

On March 15, 2016, the voters of the District authorized the District to issue serial bonds in the amount of \$35,570,029 for improvements to the District's facilities. As of June 30, 2023, long-term debt in the amount of \$31,775,000 has been issued to provide permanent funding for the project, along with bond premium and District appropriations totaling \$3,050,000 and \$515,000, respectively; \$230,029 in long-term debt remains authorized but unissued.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa3.

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Compensated absences payable	\$ 3,312,813	\$ 3,208,510	\$ 104,303
Net pension liabilities - proportionate share	5,811,023	-	5,811,023
Total OPEB liability	147,084,781	148,085,370	(1,000,589)
	<u>\$ 156,208,617</u>	<u>\$ 151,293,880</u>	<u>\$ 4,914,737</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**A. Subsequent Year's Budget**

The general fund budget for the year ending June 30, 2024, is \$74,125,176, as approved by the voters on June 20, 2023. This is an increase of \$2,989,702, or 4.20%, over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$2,025,823 increase over the prior year's estimate, which is primarily due to an estimated increase in state aid and interest revenue. The District also budgeted the transfer of \$50,000 from the debt service fund to fund the budget. The assigned, appropriated fund balance applied to the budget in the amount of \$2,425,000 is the same as the previous year. Additionally, the District has again elected to appropriate \$1,400,000 of restricted reserves towards next year's budget, which is the same amount as the previous year. A property tax levy of \$49,488,530, an increase of \$963,879 (1.99%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges for fuel, goods, and borrowing costs may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2023-2024 is 2.43%. The District's 2023-2024 property tax levy increase of 1.99%, which was passed during the re-vote on June 20, 2023, was lower than the tax cap and did not require an override vote.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

---

**8. CONTACTING THE DISTRICT**

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Brian Phillips  
Assistant Superintendent for Business and Operations  
West Hempstead Union Free School District  
252 Chestnut Street  
West Hempstead, New York 11552

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**

**Statement of Net Position**

June 30, 2023

**ASSETS**

Cash	
Unrestricted	\$ 7,239,880
Restricted	12,123,598
Receivables	
Accounts receivable	152,488
Taxes receivable	1,348,612
Due from state and federal	3,516,954
Due from other governments	1,025,615
Inventories	1,358
Leases receivable	508,446
Capital assets:	
Not being depreciated/amortized	28,170,194
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>22,483,651</u>
 Total Assets	 <u>76,570,796</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	15,936,896
Other postemployment benefits	<u>26,603,321</u>
 Total Deferred Inflows of Resources	 <u>42,540,217</u>

**LIABILITIES**

Payables	
Accounts payable	1,391,318
Accrued liabilities	177,187
Due to other governments	768,185
Due to teachers' retirement system	2,776,598
Due to employees' retirement system	226,460
Compensated absences payable	51,494
Other liabilities	303,800
Unearned credits - collections in advance	386,697
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	2,364,859
Energy performance contract payable	228,624
Lease liabilities	73,456
Compensated absences payable	230,000
Due and payable after one year	
Bonds payable, net	33,656,875
Energy performance contract payable	479,895
Lease liabilities	34,856
Compensated absences payable	3,082,813
Net pension liabilities - proportionate share	5,811,023
Total other postemployment benefits liability	<u>147,084,781</u>
 Total Liabilities	 <u>199,128,921</u>

**DEFERRED INFLOWS OF RESOURCES**

Leases	508,446
Pensions	1,447,664
Other postemployment benefits	<u>49,755,628</u>
 Total Deferred Inflows of Resources	 <u>51,711,738</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>14,758,072</u>
 Restricted	
Unemployment insurance	565,681
Retirement contribution	
Teachers' retirement system	852,404
Employees' retirement system	6,142,900
Employee benefit accrued liability	<u>2,601,580</u>
	<u>10,162,565</u>
 Unrestricted (Deficit)	 <u>(156,650,283)</u>
 Total Net Position (Deficit)	 <u><u>\$ (131,729,646)</u></u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**

**Statement of Activities**

For the Year Ended June 30, 2023

		Program Revenues			Net (Expense)
	Expenses	Charges for	Operating Grants	Capital	Revenue and
		Services	& Contributions	Grants	Changes in
					Net Position
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 9,607,441	\$	\$	\$	\$ (9,607,441)
Instruction	58,260,214	907,034	2,927,567	73,814	(54,351,799)
Pupil transportation	7,660,628				(7,660,628)
Debt service - interest	1,009,175				(1,009,175)
Food service program	927,718	215,125	673,970		(38,623)
Total Functions and Programs	<u>\$ 77,465,176</u>	<u>\$ 1,122,159</u>	<u>\$ 3,601,537</u>	<u>\$ 73,814</u>	<u>(72,667,666)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					44,601,479
Other tax items					5,405,781
Use of money and property					1,023,623
Sale of property and compensation for loss					155
Miscellaneous					554,141
Intergovernmental revenue					592,306
State sources					14,578,693
Medicaid reimbursement					<u>146,798</u>
Total General Revenues					<u>66,902,976</u>
Change in Net Position					(5,764,690)
Total Net Position (Deficit) - Beginning of Year					<u>(125,964,956)</u>
Total Net Position (Deficit) - End of Year					<u><u>\$ (131,729,646)</u></u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activity	Scholarships	Total Governmental Funds
<b>ASSETS</b>								
Cash								
Unrestricted	\$ 6,689,584	\$ 79,378	\$ 410,967	\$	\$	\$ 59,951	\$	\$ 7,239,880
Restricted	10,162,565				1,961,033			12,123,598
Receivables								
Accounts receivable	152,423		65					152,488
Taxes receivable	1,348,612							1,348,612
Due from other funds	1,308,208	2,436		588,908	827,394			2,726,946
Due from state and federal	1,660,055	1,318,756	43,877		494,266			3,516,954
Due from other governments	1,025,615							1,025,615
Inventories			1,358					1,358
Lease receivable	508,446							508,446
Total Assets	<u>\$ 22,855,508</u>	<u>\$ 1,400,570</u>	<u>\$ 456,267</u>	<u>\$ 588,908</u>	<u>\$ 3,282,693</u>	<u>\$ 59,951</u>	<u>\$ -</u>	<u>\$ 28,643,897</u>
<b>LIABILITIES</b>								
Payables								
Accounts payable	\$ 896,153	\$ 21,443	\$ 42,124	\$	\$ 431,598	\$	\$	\$ 1,391,318
Accrued liabilities	30,790							30,790
Due to other funds	1,417,786	1,057,206	250,133		952		869	2,726,946
Due to other governments	768,173		12					768,185
Due to teachers' retirement system	2,776,598							2,776,598
Due to employees' retirement system	226,460							226,460
Compensated absences	51,494							51,494
Other liabilities	303,800							303,800
Unearned credits - collections in advance		321,921	64,776					386,697
Total Liabilities	<u>6,471,254</u>	<u>1,400,570</u>	<u>357,045</u>	<u>-</u>	<u>432,550</u>	<u>-</u>	<u>869</u>	<u>8,662,288</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Leases	508,446							508,446
Unavailable revenue	199,527				494,266			693,793
Total Deferred Inflows of Resources	<u>707,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,266</u>	<u>-</u>	<u>-</u>	<u>1,202,239</u>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable: Inventories			1,358					1,358
Restricted:								
Unemployment insurance	565,681							565,681
Retirement contribution								
Teachers' retirement system	852,404							852,404
Employees' retirement system	6,142,900							6,142,900
Employee benefit accrued liability	2,601,580							2,601,580
Debt				588,908				588,908
Unspent bond proceeds					1,374,390			1,374,390
Assigned:								
Appropriated fund balance	2,425,000							2,425,000
Unappropriated fund balance	265,319		97,864		981,487	59,951		1,404,621
Unassigned: Fund balance (deficit)	<u>2,823,397</u>						<u>(869)</u>	<u>2,822,528</u>
Total Fund Balances (Deficit)	<u>15,676,281</u>	<u>-</u>	<u>99,222</u>	<u>588,908</u>	<u>2,355,877</u>	<u>59,951</u>	<u>(869)</u>	<u>18,779,370</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,855,508</u>	<u>\$ 1,400,570</u>	<u>\$ 456,267</u>	<u>\$ 588,908</u>	<u>\$ 3,282,693</u>	<u>\$ 59,951</u>	<u>\$ -</u>	<u>\$ 28,643,897</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2023

Total Governmental Funds Balance	\$ 18,779,370
----------------------------------	---------------

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

The costs of building, acquiring, and right-to-use capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position 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	\$ 70,241,082	
Less: Accumulated depreciation/amortization	<u>(19,587,237)</u>	
		50,653,845

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds, but are not reported on the Statement of Net Position.

Deferred outflows of resources	15,936,896	
Net pension liability - teachers' retirement system	(2,553,393)	
Net pension liability - employees retirement system	(3,257,630)	
Deferred inflows of resources	<u>(1,447,664)</u>	
		8,678,209

Total other postemployment benefits liability, as well as deferred inflows of resources related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Total other postemployment benefits liability	(147,084,781)	
Deferred outflows of resources	26,603,321	
Deferred inflows of resources	<u>(49,755,628)</u>	
		(170,237,088)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

693,793

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

Bonds payable, net	(36,021,734)	
Energy performance contract payable	(708,519)	
Accrued interest on debt	(146,397)	
Lease liabilities	(108,312)	
Compensated absences payable	<u>(3,312,813)</u>	
		<u>(40,297,775)</u>

Total Net Position (Deficit)	<u><u>\$ (131,729,646)</u></u>
------------------------------	--------------------------------



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
<b>REVENUES</b>								
Real property taxes	\$ 44,601,479	\$	\$	\$	\$	\$	\$	\$ 44,601,479
Other tax items	5,405,781							5,405,781
Charges for services	863,587							863,587
Use of money and property	1,021,683							1,021,683
Sale of property and compensation for loss	155							155
Miscellaneous	553,189	3,158		952		68,978		626,277
Intergovernmental revenue	592,306							592,306
State sources	14,578,693	684,363	17,576					15,280,632
Medicaid reimbursement	146,798							146,798
Federal sources	15,930	2,224,116	656,394					2,896,440
Sales			215,125					215,125
Total Revenues	<u>67,779,601</u>	<u>2,911,637</u>	<u>889,095</u>	<u>952</u>	<u>-</u>	<u>68,978</u>	<u>-</u>	<u>71,650,263</u>
<b>EXPENDITURES</b>								
General support	6,683,745	2,511						6,686,256
Instruction	34,955,227	2,865,287				65,308		37,885,822
Pupil transportation	7,456,343	154,144						7,610,487
Employee benefits	15,783,544							15,783,544
Debt service								
Principal	2,033,522							2,033,522
Interest	1,250,555							1,250,555
Food service program			927,718					927,718
Capital outlay					714,212			714,212
Total Expenditures	<u>68,162,936</u>	<u>3,021,942</u>	<u>927,718</u>	<u>-</u>	<u>714,212</u>	<u>65,308</u>	<u>-</u>	<u>72,892,116</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(383,335)</u>	<u>(110,305)</u>	<u>(38,623)</u>	<u>952</u>	<u>(714,212)</u>	<u>3,670</u>	<u>-</u>	<u>(1,241,853)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>								
Proceeds of debt					6,100,000			6,100,000
Premium on obligation					400,000			400,000
BANs redeemed								
Operating transfers in					90,000			90,000
Operating transfers out	(90,000)							(90,000)
Operating transfers in	200,000	110,305	20,965					331,270
Operating transfers (out)	<u>(131,270)</u>			<u>(50,000)</u>	<u>(150,000)</u>			<u>(331,270)</u>
Total Other Financing Sources and (Uses)	<u>(21,270)</u>	<u>110,305</u>	<u>20,965</u>	<u>(50,000)</u>	<u>6,440,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>
Net Change in Fund Balances	(404,605)	-	(17,658)	(49,048)	5,725,788	3,670	-	5,258,147
Fund Balances (Deficit) - Beginning of Year	<u>16,080,886</u>		<u>116,880</u>	<u>637,956</u>	<u>(3,369,911)</u>	<u>56,281</u>	<u>(869)</u>	<u>13,521,223</u>
End of Year	<u>\$ 15,676,281</u>	<u>\$ -</u>	<u>\$ 99,222</u>	<u>\$ 588,908</u>	<u>\$ 2,355,877</u>	<u>\$ 59,951</u>	<u>\$ (869)</u>	<u>\$ 18,779,370</u>

**WEST 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 Year Ended June 30, 2023

Net Change in Fund Balances \$ 5,258,147

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amount earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

\$ 50,223

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences (104,303)

(54,080)

Capital Related Differences

Capital outlays to purchase, build, or right-to-use 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/amortization expense in the Statement of Activities. This is the amount by which depreciation/amortization expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions 754,141  
Depreciation/amortization expense (1,449,563)

(695,422)

Long-Term Debt Transactions Differences

Proceeds and premium from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

(6,500,000)

The amortization of bond premiums decreases interest expense in the Statement of Activities. 228,192

Repayment of long-term debt 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.

Bond payable 1,735,000  
Installment purchase debt 5,837  
Energy performance contract 221,393  
Lease liabilities 71,292

Interest on long-term debt in the Statement of Activities differs from the amount 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 Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.

13,188

(4,225,098)

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system (930,063)  
Employees' retirement system (571,026)  
Other postemployment benefits (4,547,148)

(6,048,237)

Change in Net Position (Deficit) of Governmental Activities \$ (5,764,690)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2023

	<u>Custodial</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
<b>LIABILITIES</b>	
Due to other governments	<u>-</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2023

	<u>Custodial</u>
<b>ADDITIONS</b>	
Real property taxes and PILOT collected for the Library	\$ 4,271,658
<b>DEDUCTIONS</b>	
Disbursements of real property taxes and PILOT to the Library	<u>4,271,658</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the West Hempstead Union Free School District (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 standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are 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 (Board) consisting of seven 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 authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. 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 Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**C. Basis of Presentation**

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. 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 nonexchange transactions. Operating grants and contributions include operating-specific discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year-end. 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. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

**Governmental Funds** – are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

**General Fund** – is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

**Special Aid Fund** – is used to account 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 by either governments that provide the funds or outside parties.

**School Food Service Fund** – is used to account for the activities of the food service program.

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

**Capital Projects Fund** – is used to account for the financial resources used for the acquisition, construction, renovation, major repair, or leasing of capital facilities and other capital assets.

**Extraclassroom Activity Funds** – is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

***Scholarships Fund*** – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

***Fiduciary Funds*** – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

***Custodial Fund*** – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

**D. Measurement Focus and Basis of Accounting**

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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, lease liabilities, compensated absences, OPEB, and pension costs, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**E. Real Property Taxes and Other Tax Items**

Calendar

Real property taxes are levied annually by the Board no later than August 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of Hempstead and remitted to the District from November to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County in June.

School Tax Relief (STAR) Aid

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

**F. Payments in Lieu of Taxes (PILOT)**

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,033,232 in LIPA PILOT revenue during the 2022-2023 fiscal year.

**G. 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 to Financial Statements.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**H. 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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements eliminations have been made for all interfund receivables and payables among the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are 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.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

**I. Use of 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. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including lease receivable, revenue availability, compensated absences, pension costs, OPEB, lease liabilities, potential contingent liabilities, and useful lives of capital assets.

**J. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

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 an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

**L. Leases Receivable**

The District leases building space to a third party. A lease receivable is measured and recorded at the present value of lease payments expected to be received by the District during the lease term using an discount rate that is based on the District's incremental borrowing rate, net of any provision for estimated uncollectible amounts. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable and recognized as interest revenue, and then to lease receivable.



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**M. Inventories**

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. These inventories are accounted for on the consumption method. Under the consumption method, a current asset for inventories is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

A portion of fund balance has been classified as nonspendable to indicate that inventories do not constitute available resources.

**N. Capital Assets**

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated/amortized on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 5,000	15-50 years
Site improvements	5,000	15-30 years
Furniture, equipment and vehicles	5,000	5-20 years
Leased equipment and fixtures	N/A	Lease Term

**O. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets 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 two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in total OPEB liability not included in OPEB expense.

**P. 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.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

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, seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

**Q. Collections in Advance**

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts and supply chain assistance monies. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**R. Employee Benefits – Compensated Absences**

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

The liability for compensated absences 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, a 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 30<sup>th</sup>.

**S. Other Benefits**

Eligible District employees participate in the TRS or the ERS.

District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code §403(b).

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

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

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare 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 postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**T. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has four items that qualify for reporting in this category. The first is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes amounts due from the State for the Smart Schools Bond Act grant, due from other governments for tuition and health services charges, and accounts receivable from other organizations for use of property. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to the long-term leases receivable for properties and building space that the District leases to third parties. Revenues will be recognized systematically over the terms of the lease agreements. The third item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The fourth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

**U. Long-Term Debt**

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

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

In the district-wide financial statements, premiums received on long-term debt issuances are added to bonds payable and amortized over the life of the bonds.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**V. Equity Classifications**

District-Wide Statements

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

*Net investment in capital assets* – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets, net of any unexpended proceeds.

*Restricted* – Reports net position when constraints placed on the assets or deferred outflows of resources 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* – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventories, which are recorded in the school food service fund.

*Restricted* – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

*Unemployment Insurance Reserve*

Unemployment Insurance Reserve (GML §6-m) is 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 reserve fund. The reserve is accounted for in the general fund.

*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. 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,

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited 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 paid during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML 6-r. These reserves are accounted for in the general fund.

*Employee Benefit Accrued Liability Reserve*

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

*Restricted for Debt*

Unexpended balances of proceeds of borrowings for capital projects, interest, and earnings from investing proceeds of obligations, and premiums on long-term borrowings not used for capital purposes 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 – Unspent Bond Proceeds*

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

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. 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, positive amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

*Unassigned* – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318 restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

**Fund Balance Classification**

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned), the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

**2. FUTURE ACCOUNTING STANDARDS**

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

<b>Effective for the Year Ending</b>	<b>Statement</b>
June 30, 2024	GASB No. 99 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

**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. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

**B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities**

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as 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/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

The District's administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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. There were no supplemental appropriations during the year.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. 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 part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**C. Scholarships Fund Deficit**

The scholarships fund had a deficit fund balance of \$869 at June 30, 2023. This deficit will be eliminated with future contributions from donors.

**5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The District's investment policies are governed by state statutes and District policy. 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 U.S. Treasury and U.S. 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 New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. 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 by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

The District did not have any investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

**Investment Pool:**

The District participates in the New York Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

The District's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and Collateralized bank deposits, with various interest rates and due dates. These investments are included in cash as follows.

Fund	Carrying Amount
General Fund	\$ 5,095,606

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2023, the District was billed \$5,619,809 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$671,951. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

**7. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2023 consisted of:

General Fund	
New York State - general aid	\$ 1,112,312
New York State - excess cost aid	244,266
BOCES aid	303,477
	<u>1,660,055</u>
Special Aid Fund	
Federal and state grants	1,318,756
School Food Service Fund	
Federal and state food service program reimbursements	43,877
Capital Projects Fund	
New York State Smart Schools Bond Act grant	494,266
	<u>\$ 3,516,954</u>

District management expects these amounts to be fully collectible.

**8. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
Town IDA - PILOT receivable	\$ 172,391
Other school districts - charges for services	853,224
	<u>\$ 1,025,615</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

District management expects these amounts to be fully collectible.

**9. LEASES RECEIVABLE**

In May 2023, the District entered into an amended agreement to lease building space to a third party. The original agreement commenced on July 1, 2013. Under the amendment, which expires on June 30, 2024, the District will receive monthly installments of \$43,062 for July 2023 to June 2024. The tenant is responsible for reimbursing the District for all utilities. As of June 30, 2023, the present value of the lease receivable and the corresponding deferred inflows of resources, measured using a discount rate of 3.00%, were \$508,466. During the year ended June 30, 2023, the District recognized lease revenue and lease interest in the amounts of \$498,477 and \$8,137, respectively.

**10. CAPITAL ASSETS**

**A. Changes**

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 3,168,980	\$	\$	\$ 3,168,980
Construction in progress	24,287,002	714,212		25,001,214
Total capital assets not being depreciated/amortized	27,455,982	714,212	-	28,170,194
Capital assets being depreciated/amortized:				
Buildings and improvements	35,461,037			35,461,037
Site improvements	5,027,225			5,027,225
Furniture and equipment	1,236,981	39,929	(7,450)	1,269,460
Leased equipment and fixtures	313,166			313,166
Total capital assets being depreciated/amortized	42,038,409	39,929	(7,450)	42,070,888
Less accumulated depreciation/amortization for:				
Buildings and improvements	15,620,257	972,430		16,592,687
Site improvements	1,588,802	280,469		1,869,271
Furniture and equipment	799,728	124,839	(7,450)	917,117
Leased equipment and fixtures	136,337	71,825		208,162
Total accumulated depreciation/amortization	18,145,124	1,449,563	(7,450)	19,587,237
Total capital assets being depreciated/amortized, net	23,893,285	(1,409,634)	-	22,483,651
Capital assets, net	<u>\$ 51,349,267</u>	<u>\$ (695,422)</u>	<u>\$ -</u>	<u>\$ 50,653,845</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 323,790
Instruction	<u>1,125,773</u>
Total depreciation/amortization expense	<u><u>\$ 1,449,563</u></u>

**B. Lease Assets**

The District has entered into two long-term lease arrangements that are subject to GASB Statement No. 87. The intangible right-to-use these lease assets are included in leased equipment and fixtures as shown in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

**C. Impairment Losses**

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

**11. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2023 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,308,208	\$ 1,417,786	\$ 200,000	\$ 131,270
Special Aid Fund	2,436	1,057,206	110,305	
School Food Service Fund		250,133	20,965	
Debt Service Fund	588,908			50,000
Capital Projects Fund	827,394	952		150,000
Scholarships Fund		869		
	<u><u>\$ 2,726,946</u></u>	<u><u>\$ 2,726,946</u></u>	<u><u>\$ 331,270</u></u>	<u><u>\$ 331,270</u></u>

The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund was to cover the uncollected student balances in accordance with New York State law. The transfer from the debt service fund was to the general fund in accordance with the 2022-2023 adopted budget. The transfer from the capital projects fund was to the general fund for the unexpended balance of a capital project, as authorized by the Board in November 2022.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**12. SHORT-TERM DEBT**

Short-term debt activity for the year is summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2023</u>
BAN	6/8/2023	3.25%	\$ 6,000,000	\$	\$ (6,000,000)	\$ -
Add: Premium on BAN			67,440		(67,440)	-
			<u>\$ 6,067,440</u>	<u>\$ -</u>	<u>\$ (6,067,440)</u>	<u>\$ -</u>

The BAN was issued to provide cash flows for the District's capital projects; the District issued \$6,100,000 of serial bonds in June 2023 and redeemed the BAN.

Interest paid on short-term debt for the year was \$195,000. The District received issuance premium of \$67,440 for the BAN, which was used to defray the BAN interest cost upon the BAN's maturity on June 8, 2023, resulting in a net interest expense of \$127,560 and an effective interest rate of 2.126%.

**13. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity for the year, excluding pension and total OPEB liabilities, are summarized below:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
<u>Long-term debt:</u>					
Bonds payable	\$ 28,695,000	\$ 6,100,000	\$ (1,735,000)	\$ 33,060,000	\$ 2,110,000
Add: Premium on obligation	2,789,926	400,000	(228,192)	2,961,734	254,859
Installment purchase debt	5,837		(5,837)	-	
Energy performance contract	929,912		(221,393)	708,519	228,624
Lease liabilities	179,604		(71,292)	108,312	73,456
	<u>32,600,279</u>	<u>6,500,000</u>	<u>(2,261,714)</u>	<u>36,838,565</u>	<u>2,666,939</u>
<u>Other long-term liabilities:</u>					
Compensated absences	<u>3,208,510</u>	<u>104,303</u>		<u>3,312,813</u>	<u>230,000</u>
	<u>\$ 35,808,789</u>	<u>\$ 6,604,303</u>	<u>\$ (2,261,714)</u>	<u>\$ 40,151,378</u>	<u>\$ 2,896,939</u>

The general fund has typically been used to liquidate other long-term liabilities.

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Library bond - refunding	6/12/2014	3/1/2034	2.0-4.0%	\$ 5,370,000
Capital improvements	6/13/2019	6/1/2034	3.0-5.0%	11,510,000
Capital improvements	6/10/2021	6/1/2036	2.0-5.0%	10,080,000
Capital improvements	6/8/2023	6/1/2038	4.0-5.0%	6,100,000
				<u>\$ 33,060,000</u>

**C. Library Bond Obligation**

The Library bond issue is the legal obligation of the District; however, the Library Board has committed to raise sufficient funds through the Library's annual budgeted tax levy to transfer to the District for the debt service payments. During 2022-2023 the District received \$592,306 from the Library, which was recorded as intergovernmental revenue.

The following is a summary of debt service requirements:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,110,000	\$ 1,274,586	\$ 3,384,586
2025	2,205,000	1,176,806	3,381,806
2026	2,320,000	1,070,656	3,390,656
2027	2,435,000	958,956	3,393,956
2028	2,540,000	846,206	3,386,206
2029 - 2033	14,390,000	2,599,950	16,989,950
2034 - 2038	<u>7,060,000</u>	<u>477,650</u>	<u>7,537,650</u>
Total	<u>\$ 33,060,000</u>	<u>\$ 8,404,810</u>	<u>\$ 41,464,810</u>

In the district-wide financial statements, the District is amortizing bond premiums resulting from the issuance of serial bonds as an offset against interest expense on a straight-line basis, as follows:

Year Ending June 30,	Bond Premium
2024	\$ 254,859
2025	254,858
2026	254,858
2027	254,858
2028	254,858
2029 - 2033	1,274,290
2034 - 2038	<u>413,153</u>
Total	<u>\$ 2,961,734</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**D. Energy Performance Contract**

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	12/23/2010	6/23/2026	3.24%	<u>\$ 708,519</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 228,624	\$ 21,119	\$ 249,743
2025	236,092	13,652	249,744
2026	<u>243,803</u>	<u>5,940</u>	<u>249,743</u>
Total	<u>\$ 708,519</u>	<u>\$ 40,711</u>	<u>\$ 749,230</u>

The terms of the energy performance contract ("EPC") provide that, in the event of default, the District may be required to pay to the financing institution ("lessor") all remaining installment amounts due under the EPC as well as all other lease agreements between the District and the lessor, if any, with interest at 12% per annum. The lessor may terminate any and all existing lease agreements with the District, repossess all equipment under any and all existing lease agreements, and require the District to pay all out-of-pocket costs and expenses, including attorney fees and any costs related to the repossession and recondition, safekeeping, storage, repair, reconditioning or disposition of the equipment.

**E. Lease Liabilities**

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Photocopiers	10/15/2019	10/15/2024	3.00%	\$ 85,893
Postage machines	7/22/2021	6/30/2026	3.00%	<u>22,419</u>
				<u>\$ 108,312</u>

The following is a summary of principal and interest requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 73,456	\$ 2,270	\$ 75,726
2025	27,157	485	27,642
2026	<u>7,699</u>	<u>145</u>	<u>7,844</u>
Total	<u>\$ 108,312</u>	<u>\$ 2,900</u>	<u>\$ 111,212</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

There were no additional lease commitments entered into by the District after June 30, 2023.

**F. Interest Expense**

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

Interest paid	\$ 1,122,995
Less interest accrued in the prior year	(159,585)
Plus interest accrued in the current year	146,397
Less amortization of bond premium	<u>(228,192)</u>
Total interest expense on long-term debt	<u>\$ 881,615</u>

**G. Authorized and Unissued Debt**

On March 15, 2016, the District's voters approved a bond proposition not to exceed \$35,055,029 to fund needed district-wide capital improvements. As of June 30, 2023, the District has recognized \$34,825,000 of permanent financing, of which \$31,775,000 was from the issuance of serial bonds, \$3,050,000 was from issuance premiums, and \$515,000 was from general fund appropriations. The balance of authorized but unissued long-term debt is \$230,029.

**14. PENSION PLANS – NEW YORK STATE**

**A. General Information**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

**B. Provisions and Administration**

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 10.46% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023, was \$2,433,662 for TRS at the contribution rate of 10.29% and \$651,424 for ERS at an average contribution rate of 11.00%.

**D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

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



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (2,553,393)	\$ (3,257,630)
District's portion of the Plan's total pension liability	0.133066%	0.0151913%
Change in proportion since the prior measurement date	(0.001234)	(0.0004841)

For the year ended June 30, 2023, the District recognized a pension expense of \$3,362,603 for TRS and \$1,222,191 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 2,675,632	\$ 346,963	\$ 51,166	\$ 91,487
Changes of assumptions	4,953,150	1,582,115	1,028,579	17,485
Net difference between projected and actual earnings on pension plan investments	3,299,226			19,138
Changes in proportion and differences between the District's contributions and proportionate share of contributions	201,059	218,629	206,149	33,660
District contributions subsequent to the measurement date	2,433,662	226,460		
Total	<u>\$ 13,562,729</u>	<u>\$ 2,374,167</u>	<u>\$ 1,285,894</u>	<u>\$ 161,770</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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2024	\$ 1,984,234	\$ 498,824
2025	962,574	(114,159)
2026	(446,851)	699,030
2027	6,467,533	902,242
2028	829,839	-
Thereafter	45,844	-
	<u>\$ 9,843,173</u>	<u>\$ 1,985,937</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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:

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Inflation rate	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020, used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2022 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions 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 pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equities	8.0%	9.90%	10.0%	7.50%
Alternative investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

**Discount Rate**

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

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

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRRS			
District's proportionate share of the net pension asset (liability)	<u>\$ (23,543,478)</u>	<u>\$ (2,553,393)</u>	<u>\$ 15,099,131</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (7,872,295)</u>	<u>\$ (3,257,630)</u>	<u>\$ 598,459</u>

**Pension Plan Fiduciary Net Position**

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

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

**Payables to the Pension Plan**

For TRRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRRS. Accrued retirement contributions as of June 30, 2023 amounted to \$2,433,662 of employer contributions and \$342,936 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$226,460 of employer contributions. Employee contributions are remitted monthly.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. 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. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$101,512 and \$1,632,169, respectively.

**16. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. General Information about the OPEB Plan**

*Plan Description* – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits Provided* – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* – As of the actuarial valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	268
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>297</u>
	<u>565</u>

**B. Total OPEB Liability**

The District's total OPEB liability of \$147,084,781 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%	average, including inflation
Discount rate	4.00%	
Healthcare cost trend rates	7%	decreasing to an ultimate rate of 4.50% by 2034
Retirees' share of benefit-related costs	10-20%	of projected health insurance premiums for retirees

The discount rate was based on an average of two 20-year bond indices (S&P Municipal Bond 20 Year High Grade Rate Index of 4.13%, and Fidelity GO AA 20 years of 3.86%) as of June 30, 2023.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using a more current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period of April 1, 2020 – March 31, 2021.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2022	<u>\$ 148,085,370</u>
Changes for the year	
Service cost	3,178,387
Interest on total OPEB liability	5,836,059
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(5,647,250)
Benefit payments	<u>(4,367,785)</u>
	<u>(1,000,589)</u>
Balance at June 30, 2023	<u><u>\$ 147,084,781</u></u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.77% in 2022 to 4.00% in 2023 and a decrease in covered employees from 580 in the July 1, 2020 valuation to 565 in the July 1, 2022 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current discount rate:

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
OPEB			
Total OPEB liability	<u>\$ (176,276,091)</u>	<u>\$ (147,084,781)</u>	<u>\$ (124,651,297)</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease 6.00% decreasing to 3.50%	Healthcare Cost Trend Rates 7.00% decreasing to 4.50%	1% Increase 8.00% decreasing to 5.50%
OPEB			
Total OPEB liability	<u>\$ (122,175,594)</u>	<u>\$ (147,084,781)</u>	<u>\$ (180,190,420)</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**D. OPEB Expense**

Amounts reported as deferred inflows of resources related to OPEB are from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions or other inputs	26,603,321	49,755,628
Total	<u>\$ 26,603,321</u>	<u>\$ 49,755,628</u>

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

Year Ending June 30,	Amount
2024	\$ (99,513)
2025	(99,513)
2026	(4,672,091)
2027	(7,684,664)
2028	(9,789,778)
Thereafter	<u>(806,748)</u>
	<u><u>\$(23,152,307)</u></u>

**17. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources at June 30, 2023, consists of that portion of the amounts due from other school districts for tuition and health services charges, and accounts receivable from other organizations for the use of District property that are unavailable. Unavailable revenues in the general fund at June 30, 2023, total \$199,527. Deferred inflows of resources in the general fund also includes an amount corresponding to the long-term lease receivable in the amount of \$508,446.

Also included in the governmental fund financial statements as deferred inflows of resources in the capital projects fund, at June 30, 2023, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues in the capital projects fund at June 30, 2023, total \$494,266.

**18. RISK MANAGEMENT**

**A. General Information**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**B. Public Entity Risk Pool**

Effective July 2012, the District participates in the New York State Municipal Workers' Compensation Alliance Plan (the Plan), a risk sharing pool, to insure workers' compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims through self-insurance. The Plan, through its plan administrator, provides participating members with risk management services as well as workers compensation and employers liability coverage. Participating members agree to make contributions as determined by the Plan. The Plan is allowed to make additional pro-rated assessment to its members if the assets of the Plan are insufficient to enable the Plan to discharge its legal liabilities and other obligations or to maintain required reserves. According to the Plan's June 30, 2022 financial statements, which are the most recent financial statements available, the Plan's total undiscounted liability for unbilled and opened claims including an estimate for incurred but not reported liability (IBNR) was \$143,331,727. The Plan had assets of \$192,115,338 at June 30, 2022 to pay these liabilities.

**19. RESTRICTED FUND BALANCE - APPROPRIATED RESERVES**

The District expects to appropriate the following amounts from the general fund's reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024:

Retirement contributions -	
Teachers' Retirement System	\$ 260,000
Employees' Retirement System	865,000
Employee benefit accrued liability	<u>275,000</u>
	<u><u>\$ 1,400,000</u></u>

**20. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$2,425,000 has been appropriated to help fund the general fund budget for the year ending June 30, 2024.

**21. TAX ABATEMENTS**

The Town of Hempstead Industrial Development Agency (TOHIDA) enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue abated was \$764,973. The District received PILOT payments totaling \$318,808.

**22. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

Restricted Fund Balance:	
Capital Projects Fund	
Capital construction	<u>\$ 796,220</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	\$ 172,347
Instruction	<u>92,972</u>
	<u><u>\$ 265,319</u></u>



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

---

**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, would be immaterial.

**C. Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. The District's management believes that the outcome of any matters will not have a material effect on these financial statements. The District is also named as a party to several lawsuits filed by individuals against an outside, unaffiliated organization under the Child Victims Act. Discovery for those lawsuits has not been completed.

**23. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

**Issuance of TANs**

On October 10, 2023, the District issued \$4,900,000 of tax anticipation notes (TANs). The TANs have a stated interest rate of 4.75% and will mature on May 15, 2024. The District received an issuance premium of \$16,402, which will result in a net interest rate of 4.1895%.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 44,205,505	\$ 44,476,672	\$ 44,601,479	\$ 124,807
Other tax items	5,792,612	5,521,445	5,405,781	(115,664)
Charges for services	940,000	940,000	863,587	(76,413)
Use of money and property	612,000	612,000	1,021,683	409,683
Sale of property and compensation for loss			155	155
Miscellaneous	125,000	125,000	553,189	428,189
Intergovernmental revenue	592,307	592,307	592,306	(1)
Total Local Sources	52,267,424	52,267,424	53,038,180	770,756
State Sources	14,943,050	14,943,050	14,578,693	(364,357)
Medicaid Reimbursement	50,000	50,000	146,798	96,798
Federal Sources			15,930	15,930
Total Revenues	67,260,474	67,260,474	67,779,601	519,127
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	50,000	50,000	200,000	150,000
Total Revenues and Other Sources	67,310,474	67,310,474	67,979,601	\$ 669,127
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	2,425,000	2,425,000		
Prior Year's Encumbrances	156,332	156,332		
Appropriated Reserves	1,400,000	1,400,000		
Total Appropriated Fund Balance	3,981,332	3,981,332		
Total Revenues and Appropriated Fund Balance	\$ 71,291,806	\$ 71,291,806		

**Note to Required Supplementary Information**

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.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 87,200	\$ 95,113	\$ 88,379	\$	\$ 6,734
Central administration	358,138	373,857	367,100	1,054	5,703
Finance	909,501	914,576	822,907	48,952	42,717
Staff	357,750	427,250	398,133		29,117
Central services	4,629,058	4,789,246	4,451,227	122,341	215,678
Special items	603,024	560,824	555,999		4,825
Total General Support	6,944,671	7,160,866	6,683,745	172,347	304,774
Instruction					
Administration & improvement	2,931,428	2,894,650	2,791,079		103,571
Teaching - regular schools	15,850,365	15,697,364	15,338,669	12,218	346,477
Programs for students with disabilities	11,484,028	11,548,320	11,098,905	7,436	441,979
Occupational education	422,425	328,825	315,446		13,379
Teaching - special school	19,200	19,200	14,079		5,121
Instructional media	1,326,829	1,296,608	1,011,565	65,265	219,778
Pupil services	4,559,992	4,646,712	4,385,484	8,053	253,175
Total Instruction	36,594,267	36,431,679	34,955,227	92,972	1,383,480
Pupil Transportation	7,581,520	7,622,706	7,456,343		166,363
Employee Benefits	16,720,552	16,439,794	15,783,544		656,250
Debt Service					
Principal	1,962,231	2,037,231	2,033,522		3,709
Interest	1,248,565	1,328,565	1,250,555		78,010
Total Debt Service	3,210,796	3,365,796	3,284,077	-	81,719
Total Expenditures	71,051,806	71,020,841	68,162,936	265,319	2,592,586
<b>OTHER FINANCING USES</b>					
BANs Redeemed - Operating Transfer Out	80,000	90,000	90,000		-
Operating Transfers Out	160,000	180,965	131,270	-	49,695
Total Debt Service	240,000	270,965	221,270	-	49,695
Total Expenditures and Other Uses	\$ 71,291,806	\$ 71,291,806	68,384,206	\$ 265,319	\$ 2,642,281
Net Change in Fund Balance			(404,605)		
Fund Balance - Beginning of Year			16,080,886		
Fund Balance - End of Year			\$ 15,676,281		

**Note to Required Supplementary Information**  
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.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
Last Nine Fiscal Years

***Teachers' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.133066%	0.134300%	0.131307%	0.128699%	0.127947%	0.127060%	0.138301%	0.143912%	0.144341%
District's proportionate share of the net pension asset/(liability)	\$ (2,553,393)	\$ 23,272,862	\$ (3,628,365)	\$ 3,343,597	\$ 2,313,620	\$ 965,780	\$ (1,481,265)	\$ 14,947,846	\$ 16,078,682
District's covered payroll	\$ 23,573,038	\$ 22,874,675	\$ 22,416,883	\$ 21,588,485	\$ 21,161,915	\$ 20,722,275	\$ 21,472,733	\$ 21,765,279	\$ 21,556,444
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	101.74 %	16.19 %	15.49 %	10.93 %	4.66 %	6.90 %	68.68 %	74.59 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0151913%	0.0156754%	0.0157693%	0.0158591%	0.0161385%	0.0172238%	0.0169148%	0.0168866%	0.0168889%
District's proportionate share of the net pension asset/(liability)	\$ (3,257,630)	\$ 1,281,396	\$ (15,702)	\$ (4,199,580)	\$ (1,143,462)	\$ (555,888)	\$ (1,589,348)	\$ (2,710,351)	\$ (570,550)
District's covered payroll	\$ 5,802,021	\$ 5,664,038	\$ 5,227,014	\$ 5,480,841	\$ 4,945,819	\$ 5,075,903	\$ 5,083,943	\$ 5,005,021	\$ 4,756,245
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	56.15 %	22.62 %	0.30 %	76.62 %	23.12 %	10.95 %	31.26 %	54.15 %	12.00 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.*

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
Last Ten Fiscal Years

***Teachers' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,433,662	\$ 2,310,155	\$ 2,172,318	\$ 1,974,623	\$ 2,281,331	\$ 2,041,324	\$ 2,359,797	\$ 2,829,854	\$ 3,798,537	\$ 3,464,729
Contributions in relation to the contractually required contribution	<u>2,433,662</u>	<u>2,310,155</u>	<u>2,172,318</u>	<u>1,974,623</u>	<u>2,281,331</u>	<u>2,041,324</u>	<u>2,359,797</u>	<u>2,829,854</u>	<u>3,798,537</u>	<u>3,464,729</u>
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	\$ 23,840,522	\$ 23,573,038	\$ 22,874,675	\$ 22,416,883	\$ 21,588,485	\$ 21,161,915	\$ 20,722,275	\$ 21,472,733	\$ 21,765,279	\$ 21,556,444
Contributions as a percentage of covered payroll	10%	10%	9%	9%	11%	10%	11%	13%	17%	16%

***Employees' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 651,424	\$ 808,715	\$ 777,772	\$ 705,107	\$ 737,422	\$ 740,176	\$ 749,858	\$ 762,481	\$ 924,899	\$ 912,940
Contributions in relation to the contractually required contribution	<u>651,424</u>	<u>808,715</u>	<u>777,772</u>	<u>705,107</u>	<u>737,422</u>	<u>740,176</u>	<u>749,858</u>	<u>762,481</u>	<u>924,899</u>	<u>912,940</u>
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	\$ 5,840,655	\$ 5,860,693	\$ 5,306,971	\$ 5,481,719	\$ 4,996,718	\$ 5,006,630	\$ 5,128,759	\$ 4,954,115	\$ 4,918,071	\$ 4,798,120
Contributions as a percentage of covered payroll	11%	14%	15%	13%	15%	15%	15%	15%	19%	19%

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 3,178,387	\$ 2,906,950	\$ 4,898,453	\$ 2,077,976	\$ 1,832,774	\$ 1,360,624
Interest on total OPEB liability	5,836,059	7,631,940	3,824,333	4,682,078	4,839,230	4,271,438
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Changes of assumptions or other inputs	(5,647,250)	(62,881,178)	14,735,789	21,087,997	32,008,048	-
Benefit payments	(4,367,785)	(4,022,133)	(3,982,486)	(3,732,556)	(3,835,949)	(3,318,081)
Net change in total OPEB liability	(1,000,589)	(56,364,421)	19,476,089	24,115,495	34,844,103	2,313,981
Total OPEB liability, beginning	148,085,370	204,449,791	184,973,702	160,858,207	126,014,104	123,700,123
Total OPEB liability, ending	<u>\$ 147,084,781</u>	<u>\$ 148,085,370</u>	<u>\$ 204,449,791</u>	<u>\$ 184,973,702</u>	<u>\$ 160,858,207</u>	<u>\$ 126,014,104</u>
Covered employee payroll	\$ 25,439,203	\$ 25,336,437	\$ 25,336,437	\$ 23,098,081	\$ 23,098,081	\$ 20,487,577
Total OPEB liability as a percentage of covered employee payroll	578.18%	584.48%	806.94%	800.82%	696.41%	615.08%
Discount rate	4.00%	3.77%	2.09%	2.60%	3.10%	3.50%
Healthcare trend rates	7.0% to 4.5% by 2034	7.0% to 4.5% by 2032	7.0% to 4.5% by 2032	8.0% to 5.0% by 2026	8.0% to 5.0% by 2026	8.0% to 5.0% by 2025

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.*

**Note to Required Supplementary Information**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2023

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 71,135,474
Additions:	
Prior year's encumbrances	<u>156,332</u>
Original Budget	71,291,806
Budget revisions	<u>-</u>
Final Budget	<u><u>\$ 71,291,806</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2023-2024 voter-approved expenditure budget	<u><u>\$ 74,125,176</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 2,965,007</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,690,319
Unassigned fund balance	<u>2,823,397</u>
	\$ 5,513,716
Less:	
Appropriated fund balance	2,425,000
Encumbrances	<u>265,319</u>
Total adjustments	<u>2,690,319</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 2,823,397</u></u>
Actual Percentage	3.81%

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2023

PROJECT TITLE	Budget June 30, 2022	Budget June 30, 2023	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
2013/2014 General Fund Appropriations											
High School Roof Masonry Arch	\$ 30,000	\$ 30,000	\$ 30,000	\$	\$ 30,000	\$ -	\$		\$ 30,000	\$ 30,000	\$ -
High School Roof Masonry Gen Con	370,000	370,000	313,000		313,000	57,000			370,000	370,000	57,000
2014/2015 General Fund Appropriations & EXCEL											
High School Roof Masonry Arch	35,160	35,160	16,213		16,213	18,947			35,160	35,160	18,947
High School Roof Masonry Gen Con & EXCEL	522,372	522,372	401,826		401,826	120,546		157,532	364,840	522,372	120,546
2015/2016 General Fund Appropriations											
George Washington Window Replacement	991,000	991,000	989,904		989,904	1,096			991,000	991,000	1,096
HS/MS Alarm System	265,000	265,000	248,766		248,766	16,234			265,000	265,000	16,234
Garage Replacement	130,000	130,000	132,354		132,354	(2,354)			130,000	130,000	(2,354)
2016/2017 General Fund Appropriations											
Cornwell Ave Elementary Cafeteria Renovations	266,000	266,000	373,730	9,531	383,261	(117,261)			266,000	266,000	(117,261)
George Washington Cafeteria Renovations	260,000	260,000	408,335	3,336	411,671	(151,671)			260,000	260,000	(151,671)
High School Auditorium Renovations	291,000	291,000	283,734	126,965	410,699	(119,699)			291,000	291,000	(119,699)
2017/2018 General Fund Appropriations											
High School Projection Room Renovations	810,000	810,000	575,379		575,379	234,621			810,000	810,000	234,621
2018/2019 General Fund Appropriations											
George Washington Windows	55,000	55,000	19,469		19,469	35,531			55,000	55,000	35,531
Middle School HVAC	165,000	165,000	20,693		20,693	144,307			165,000	165,000	144,307
High School Cafeteria Renovations	298,000	298,000			-	298,000			298,000	298,000	298,000
George Washington HVAC	132,000	132,000	23,939		23,939	108,061			132,000	132,000	108,061
George Washington Re-Painting	100,000	100,000			-	100,000			100,000	100,000	100,000
2019/2020 General Fund Appropriations											
Repair of Secondary School Façade	650,000	650,000			-	650,000			650,000	650,000	650,000
Balance of the MS/HS Security Vestibule	150,000	150,000			-	150,000			150,000	150,000	150,000
Blinds for GW Window Project	30,000	30,000			-	30,000			30,000	30,000	30,000
2021/2022 General Fund Appropriations											
Districtwide Building Management System Upgrade	50,000	50,000			-	50,000			50,000	50,000	50,000
MS/HS Fire Alarm System Upgrade	35,000	35,000	32,605		32,605	2,395			35,000	35,000	2,395
Smart Schools Bond Act Project	860,076	860,076	420,452	73,814	494,266	365,810		860,076		860,076	365,810
District Wide Capital Bond Project	35,570,029	35,570,029	33,465,044	500,566	33,965,610	1,604,419	35,055,029		515,000	35,570,029	1,604,419
DASNY Playground equipment	150,000	150,000	150,000		150,000	-		150,000		150,000	-
Totals	<u>\$ 42,215,637</u>	<u>\$ 42,215,637</u>	<u>\$ 37,905,443</u>	<u>\$ 714,212</u>	<u>\$ 38,619,655</u>	<u>\$ 3,595,982</u>	<u>\$ 35,055,029</u>	<u>\$ 1,167,608</u>	<u>\$ 5,993,000</u>	<u>\$ 42,215,637</u>	3,595,982
									Unissued long-term debt		(230,029)
									State aid not yet received		(494,266)
									State aid not yet earned		(365,810)
									Transfer of unexpended balance to general fund		<u>(150,000)</u>
									Total Fund Balance	<u>\$</u>	<u>2,355,877</u>



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2023

Capital assets, net	<u>\$ 50,653,845</u>
Deduct:	
Capital related liabilities	(431,598)
Short-term portion of bonds payable	(2,110,000)
Long-term portion of bonds payable	(30,950,000)
Unamortized bond premium	(2,961,734)
Less: Unspent bond proceeds	1,374,390
Short-term portion of energy performance contract	(228,624)
Long-term portion of energy performance contract	(479,895)
Short-term portion of lease liabilities	(73,456)
Long-term portion of lease liabilities	<u>(34,856)</u>
	<u>(35,895,773)</u>
Net Investment in Capital Assets	<u><u>\$ 14,758,072</u></u>



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

To the Board of Education  
West Hempstead Union Free School District  
West Hempstead, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the West Hempstead Union Free School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the West Hempstead Union Free School District in a separate letter dated October 13, 2023.

### **Purpose of this Report**

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

*Cullen & Danowski, LLP*

October 13, 2023



JAMES E. DANOWSKI, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
MICHAEL J. LEONE, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA



VINCENT D. CULLEN, CPA  
(1950 - 2013)  
PETER F. RODRIGUEZ, CPA  
(RET.)

October 13, 2023

To the Board of Education and Management  
West Hempstead Union Free School District  
West Hempstead, New York

In planning and performing our audit of the financial statements of the West Hempstead Union Free School District (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit, we noted other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated October 13, 2023, on the financial statements of the West Hempstead Union Free School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, management, others you deem appropriate within the District, and any governmental authorities you need to share this information with. It is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Cullen & Danowski, LLP*  
Cullen & Danowski, LLP

**STATUS OF PRIOR YEAR'S COMMENTS**

**Extraclassroom Activity Funds**

The extraclassroom activity funds are the depository of student money. The New York State Education Department (SED) publishes the *Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds*. These guidelines recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

Last year, we reported the following findings in the extraclassroom activities:

- Profit-and-loss accounting was not maintained by all clubs or fundraising events.
- Instances where student treasurer's signature was not on the deposit authorization form.
- Instances in which deposit and payment authorization forms were not signed by the faculty advisor or central treasurer.
- Monthly bank reconciliations prepared by the high school and middle school central treasurers were not signed and dated. No evidence to indicate whether the bank reconciliations had been reviewed and approved by a supervisor.

*Current Status:* During the current audit, we again noted the same findings with the monthly bank reconciliations. The deposit and payment authorization forms we tested were all signed by the student treasurers and faculty advisors, but the high school central treasurer's signature was not on some of the deposit authorization forms or the payment authorization forms. We also conducted interviews of some student clubs' faculty advisors. We found that some of the profit-and-loss (P&L) statements prepared did not have more detailed breakdown or documentation to support the amounts reported on the P&L statements. We also noted that several student clubs have had no financial activity for two years.

We recommend that the central treasurers sign and date their monthly bank reconciliations, and that a supervisor at the schools or at the District office review and sign off on the monthly bank reconciliations. We recommend that the District continue to provide training to and communicate with central treasurers and faculty advisors regarding the proper procedures for the accounting and documentation of cash receipts from fundraising. The District should also determine whether the student clubs with no financial activities are no longer active and the remaining funds should be transferred to another student activity.

**Capital Assets**

The responsibility of safeguarding the District's investment in capital assets is important to sound fiscal management. The responsibilities can only be discharged through adequate capital assets accounting and conducting periodic physical inventory of all assets.

During our prior audits, we had noted differences between the financial statements balances and the capital assets appraisal inventory report.

## **West Hempstead Union Free School District**

For the Year Ended June 30, 2023

---

*Current Status:* We noted that some equipment purchased in the current fiscal year met the District's capital assets capitalization threshold but were not added to the capital assets inventory. We increased the current year capital additions in the District's financial statements to account for those equipment.

We recommend that the District communicate the omissions to the capital assets management company in order to update the inventory reports.

### **Capital Projects Fund Balances**

The District provides funding for resources needed for the acquisition and construction of capital facilities throughout the District by means of annual budgetary appropriations, state grants, or through financing methods approved by the taxpayers. These projects are accounted for in the capital projects fund.

We noted last year that the District had not received Smart Schools Bond Act (SSBA) aid reimbursement for a portion of its SSBA projects that was completed as of June 30, 2020.

*Current Status:* The District still has not received reimbursement for the completed portion of its SSBA projects; the remaining SSBA projects are ongoing. In addition, we noted that several capital projects listed in the supplementary schedule of project expenditures within the District's annual financial statements appeared to have been over-expended.

We again recommend that the District follow up with the SSBA claims reimbursement, and review the capital projects to determine the cause of the over expenditure.

### **Scholarship Accounts – Cash Management**

Over the years, the District has accepted donations from various sources for scholarship funds. These funds are invested within accounts maintained by the District and are used for scholarships to students based upon certain criteria. The transactions for these accounts were recorded in a fiduciary private purpose trust fund. Beginning in the 2020-21 fiscal year, scholarship funds are now reported in a new governmental fund – the scholarships fund - based on new accounting standards.

In prior audits, we had noted that the scholarship awards that were issued to students during the June 30, 2017 fiscal year end had exceeded the scholarship cash balance by approximately \$869. This required the general fund to provide a temporary interfund loan to the scholarship accounts to cover the deficient funds. The interfund loan recorded on the books was not repaid and no scholarship donations were received or scholarships paid by the District since June 30, 2017.

*Current Status:* The scholarships fund continues to have a deficit balance of \$869 and an interfund loan payable to the general fund at June 30, 2023.

The scholarships fund must repay the interfund loan to the general fund as the New York State Constitution prohibits the gift of public funds for the benefit of a private party.

## **West Hempstead Union Free School District**

For the Year Ended June 30, 2023

---

### **Bank Reconciliations – Stale Dated Checks**

At the end of each month, the District Treasurer reconciles all District bank accounts. Reconciliation of cash accounts ensures that transactions have been properly recorded on the District's books. Generally, the differences between the District's balances and those of the bank are outstanding checks, deposits in transit and bookkeeping adjustments, which are to be noted and reconciled.

We reported last year that the high school's extraclassroom bank account had stale-dated checks that had been outstanding for more than one year in its bank reconciliation.

*Current Status:* The high school's extraclassroom bank account has seven uncleared checks that have been outstanding for more than two years.

We recommend that the District resolve the outstanding extraclassroom activity checks in the high school's extraclassroom bank account.

### **Journal Entries Audit Trail**

The District utilizes journal entries to record non-cash transactions and also to record necessary adjustments to its books. Journal entries are approved by the Assistant Superintendent for Business before they are entered into the general ledger by the Treasurer.

During the prior year's audit, we obtained and reviewed the District's list of journal entries printed from its nVision financial accounting application and noted a few breaks in journal entry numbers sequence. The District's Treasurer indicated that the three journal entries were deleted and provided support for those entries.

*Current Status:* We obtained and reviewed the District's list of journal entries printed from its nVision financial accounting application for the current fiscal year and did not note any break in journal entry numbers sequence.

## **CURRENT YEAR'S COMMENTS**

### **Accounts Receivable**

The District charges outside organizations for the use of its facilities. Accounts receivable that have been outstanding for a certain time period should be reviewed and followed up by the District to ensure collection in a timely manner

During our audit, we noted that there are four use of facilities billings that have been outstanding for more than six months, three of the four billings have been outstanding for more than one year.

We recommend that the District implement procedures to ensure outstanding accounts receivable are identified and collected within a reasonable amount of time.



## West Hempstead Union Free School District

For the Year Ended June 30, 2023

---

### **Intangible Assets Capitalization and Recognition Thresholds**

The District has implemented the new accounting pronouncement issued by the Governmental Accounting Standards Board (GASB), Statement No. 87, *Leases* (GASB 87) during the 2021-2022 fiscal year, and Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) during the 2022-2023 fiscal year as required. GASB 87 established new accounting and financial reporting standards for long-term leases of non-financial assets and the intangible right to use lease assets. These lease assets are considered part of the District's capital assets inventory and whose principal values are amortized over the term of the lease agreements or until the leased assets are returned to the lessors. Similarly, GASB 96 requires governmental entities with applicable long-term IT arrangements to report an intangible right-to-use subscription asset, and include the intangible asset in the District's capital assets inventory.

The District has a Board-approved capital assets accounting policy, Policy No. 3450, for the accounting of fixed and capital assets with established capitalization thresholds for various capital assets; however, the policy was last amended in 2018 and does not address intangible assets.

We recommend that the District update its current capital assets policy to include the intangible right-to-use lease assets and subscription assets and a reasonable threshold for recognition and disclosure for financial reporting purposes.

\*\*\*\*\*



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**ADMINISTRATIVE OFFICES**  
**252 Chestnut Street**  
**West Hempstead, New York 11552-2455**

**Daniel Rehman**  
**Superintendent**  
**(516) 390-3107**

**Dina Reilly**  
**Assistant Superintendent for Curriculum**  
**(516) 390-3119**

**Brian Phillips**  
**Assistant Superintendent for Business**  
**(516) 390-3103**

December 12, 2023

New York State Education Department  
Office of Audit Services  
89 Washington Avenue  
Room 524EB  
Albany, NY 12234  
Electronically: [fsanda133@mail.nysed.gov](mailto:fsanda133@mail.nysed.gov)

Office of the NYS Comptroller  
Division of Local Government and School Accountability  
Data Management Unit, 12th Floor  
110 State Street  
Albany, NY 12236  
Electronically: [afrfile@osc.state.ny.us](mailto:afrfile@osc.state.ny.us)

Re: Corrective Action Plan for the 2022-23 External Audit Management Letter

To Whom It May Concern:

NYS Commissioner's Regulation §170.12(e)(4) requires that a school district prepares a Board approved corrective action plan (CAP) in response to the management letter accompanying the annual external audit report.

The below plan addresses the management letter provided by Cullen & Danowski, LLP for the external audit of the West Hempstead Union Free School District for the fiscal year ended June 30, 2023.

**Audit Recommendation #1:** Ensure that central treasurers of the extraclassroom activity fund sign and date the monthly bank reconciliations. Secondly, a school supervisory or District officer should also sign off on the reconciliation.

**Implementation Plan of Action:** The District will verify that monthly bank reconciliation reports for the extraclassroom activity fund are signed and dated at both the central treasurer and school supervisory/District level.

**Implementation Date:** June 30, 2024

Persons Responsible for Implementation: Extraclassroom Activity Fund treasurers;  
District Treasurer

**Audit Recommendation #2:** Ensure that the District's capital inventory maintained by the CBIZ includes additional items reconciled by the external auditor at fiscal year end..

Implementation Plan of Action: The District will review the capital asset inventory report from CBIZ and modify for items added to the capital asset inventory total of the external auditor.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: Assistant Superintendent for Business & Operations; Business Office

**Audit Recommendation #3:** Ensure that the District submits a Smart School Bond Act claim reimbursement, if there is completed SSBA work.

Implementation Plan of Action: The District will review expenditures put through the SSBA and for completed work it will submit a claim reimbursement.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: District Treasurer; Assistant Superintendent for Business & Operations

**Audit Recommendation #4:** Review the scholarship fund balances and interfund loan payables.

Implementation Plan of Action: The District will review the Scholarship Fund and the interfund loan balances, making necessary accounting entries.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: Assistant Superintendent for Business & Operations, District Treasurer

**Audit Recommendation #5:** Perform a stale check review for the extraclassroom activity fund.

Implementation Plan of Action: The District will review the list of outstanding checks in the extraclassroom activity fund and void & reissue where necessary.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: Extraclassroom Activity Fund treasurers;  
District Treasurer; Assistant Superintendent for Business & Operations

**Audit Recommendation #6:** Identify outstanding accounts receivables for collection.

Implementation Plan of Action: The District will review outstanding accounts receivables for collection and invoice accordingly.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: District Treasurer; Assistant Superintendent for Business & Operations

**Audit Recommendation #7:** Updated BOE policy 3450 for the accounting of fixed and capital assets for intangible assets.

Implementation Plan of Action: The District will review Board policy 3450 and modify it to include both tangible and intangible assets.

Implementation Date: June 30, 2024

Persons Responsible for Implementation: Board of Education; District Clerk; Assistant Superintendent for Business & Operations

Sincerely,  
Brian Phillips  
Assistant Superintendent for Business & Operations