



**WEST HEMPSTEAD PUBLIC SCHOOLS**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS

June 30, 2020

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the West Hempstead Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the West Hempstead Union Free School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***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 3 through 14 and 52 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Hempstead Union Free School District's basic financial statements. The other supplementary information on pages 57 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 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 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*

November 6, 2020

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

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The West Hempstead Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

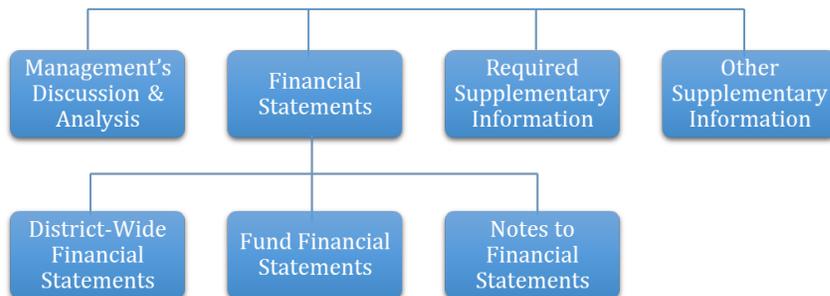
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position was a deficit of \$102,776,435 in the district-wide financial statements at June 30, 2020, compared to a deficit of \$95,113,620 at June 30, 2019. The deficit increased by \$7,662,815 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 \$72,715,518. Of this amount, \$3,398,306 was offset by program charges for services, operating grants and capital grants. General revenues of \$61,654,397 amount to 94.8% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$2,242,552 to \$16,989,301, as revenues and other financing sources exceeded expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting.
- The District's 2019-2020 original property tax levy of \$47,560,597 was a 4.31% increase over the 2019 tax levy but the original property tax levy was reduced by the excess property tax reserve received in the amount of \$742,962 adjusting the property tax levied for 2019-2020 to \$46,817,635.
- On March 15, 2016, the District's voters approved the issuance of \$35,570,029 in serial bonds to fund needed district-wide capital improvements. As of June 30, 2020, the District has recognized \$16,000,000 of permanent financing, of which \$14,485,000 was from the issuance of serial bonds, \$1,255,000 was from premiums, and \$260,000 was from general fund appropriations. At June 30, 2020, there were bond anticipation notes outstanding of \$12,750,000. Work has continued from 2018-2019 and total expenditures of \$25,273,817 (71%) were 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 supplementary 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)

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**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.

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 flow 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 funds.

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, 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.

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

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize 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 \$7,662,815 between fiscal year 2020 and 2019. The decrease 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:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Asset</b>				
Current and Other Assets	\$ 29,994,573	\$ 37,951,903	\$ (7,957,330)	(20.97)%
Capital Assets, Net	42,825,677	33,072,599	9,753,078	29.49 %
Net Pension Asset - Proportionate Share	<u>3,343,597</u>	<u>2,313,620</u>	<u>1,029,977</u>	44.52 %
Total Assets	<u>76,163,847</u>	<u>73,338,122</u>	<u>2,825,725</u>	3.85 %
<b>Deferred Outflows of Resources</b>	<u>59,431,413</u>	<u>42,919,304</u>	<u>16,512,109</u>	38.47 %
<b>Liabilities</b>				
Current and Other Liabilities	17,994,914	17,519,665	475,249	2.71 %
Long-Term Liabilities	26,511,697	27,744,177	(1,232,480)	(4.44)%
Net Pension Liability - Proportionate Share	4,199,580	1,143,462	3,056,118	267.27 %
Total OPEB Liability	<u>184,973,702</u>	<u>160,858,207</u>	<u>24,115,495</u>	14.99 %
Total Liabilities	<u>233,679,893</u>	<u>207,265,511</u>	<u>26,414,382</u>	12.74 %

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

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Deferred Inflows of Resources</b>	\$ 4,691,802	\$ 4,105,535	\$ 586,267	14.28 %
<b>Net Position (Deficit)</b>				
Net investment in capital assets	11,974,949	10,161,345	1,813,604	17.85 %
Restricted	11,001,725	11,215,290	(213,565)	(1.90)%
Unrestricted (Deficit)	<u>(125,753,109)</u>	<u>(116,490,255)</u>	<u>(9,262,854)</u>	(7.95)%
Total Net Position (Deficit)	<u>\$ (102,776,435)</u>	<u>\$ (95,113,620)</u>	<u>\$ (7,662,815)</u>	(8.06)%

The decrease in current and other assets is evidenced by a reduction in the District's cash balance, offset by increases in taxes receivable and due from state and federal.

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

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "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 and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily in connection with the increases in bond anticipation notes payable and compensated absences payable, offset by decreases in accounts payable, accrued liabilities and due to teachers' retirement system.

This decrease in long-term liabilities is primarily the result of debt principal payments.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State," provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plans that will be amortized in future years.

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

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

The restricted amount relates to the District's reserves. This number decreased from the prior year principally due to use of the employee benefit accrued liability reserve.

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 STAR (school tax relief) 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, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 1,444,123	\$ 1,421,795	\$ 22,328	1.57 %
Operating Grants	1,835,891	1,867,558	(31,667)	(1.70)%
Capital Grants	118,292	21,340	96,952	454.32 %
General Revenues				
Property Taxes and STAR	47,590,003	45,594,388	1,995,615	4.38 %
State Sources	10,797,986	10,458,177	339,809	3.25 %
Other	3,266,408	3,167,216	99,192	3.13 %
Total Revenues	<u>65,052,703</u>	<u>62,530,474</u>	<u>2,522,229</u>	4.03 %
<b>Expenses</b>				
General Support	8,705,197	8,087,530	617,667	7.64 %
Instruction	57,212,359	51,702,961	5,509,398	10.66 %
Pupil Transportation	4,894,110	4,461,241	432,869	9.70 %
Debt Service - Interest	1,061,085	898,358	162,727	18.11 %
Food Service Program	842,767	995,699	(152,932)	(15.36)%
Total Expenses	<u>72,715,518</u>	<u>66,145,789</u>	<u>6,569,729</u>	9.93 %
Decrease in Net Position	<u>\$ (7,662,815)</u>	<u>\$ (3,615,315)</u>	<u>\$ (4,047,500)</u>	(111.95)%

The District's net position decreased by \$7,662,815 and \$3,615,315 for the years ended June 30, 2020 and 2019, respectively.

The District's revenues increased by \$2,522,229 or 4.03%. The major factors that contributed to the increase were:

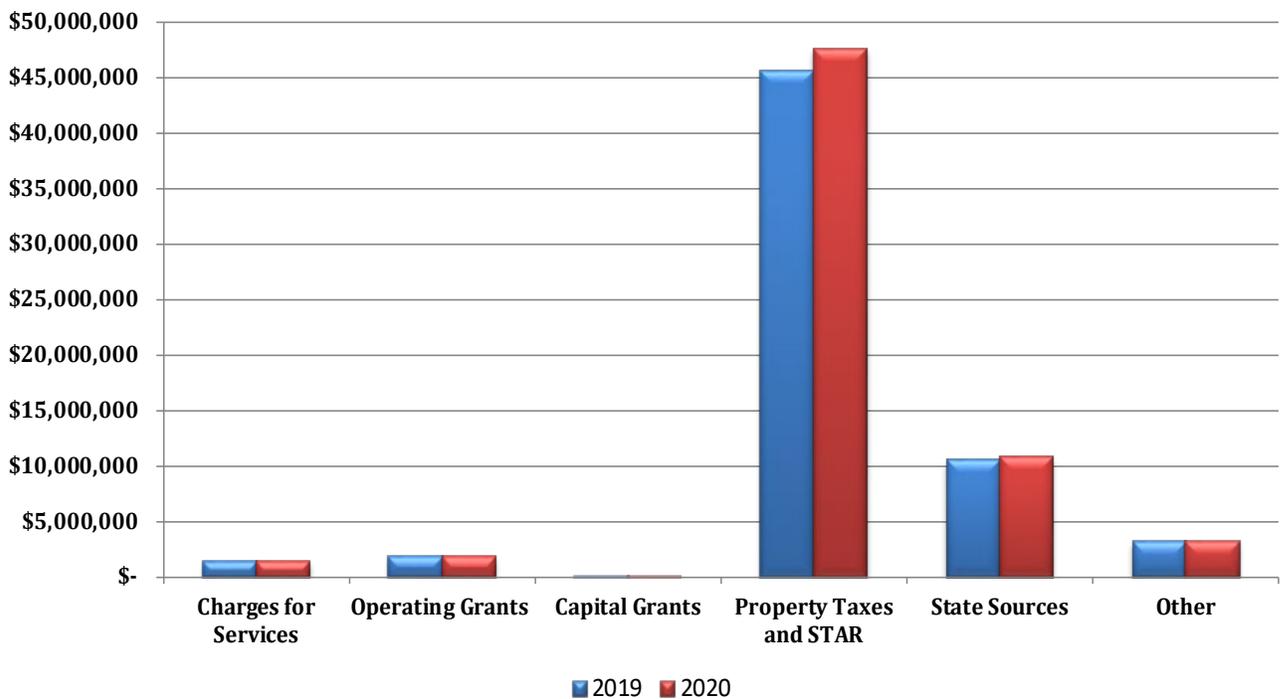
- Property taxes and STAR increased, due to the voter approved property tax levy.
- The District received more state aid in the current year than during the prior year.
- Other revenues increased primarily due to the District receiving a BOCES refund in the current year.

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

The District's total expenses for the year increased by \$6,569,729 or 9.93%. The increase in expense is primarily due to increases in instruction, general support and pupil transportation. The primary reason for the increases in instruction and general support is due to the impact of the net change in pension and other postemployment benefits costs allocated. Pupil transportation expenses increased due to an increase in contract rates associated with a new transportation vendor.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 73.2% and 72.9% of the total for the years 2020 and 2019, respectively). Instruction expense is the largest category of expenses incurred (i.e., 78.6% and 78.2% of the total for the years 2020 and 2019, respectively).

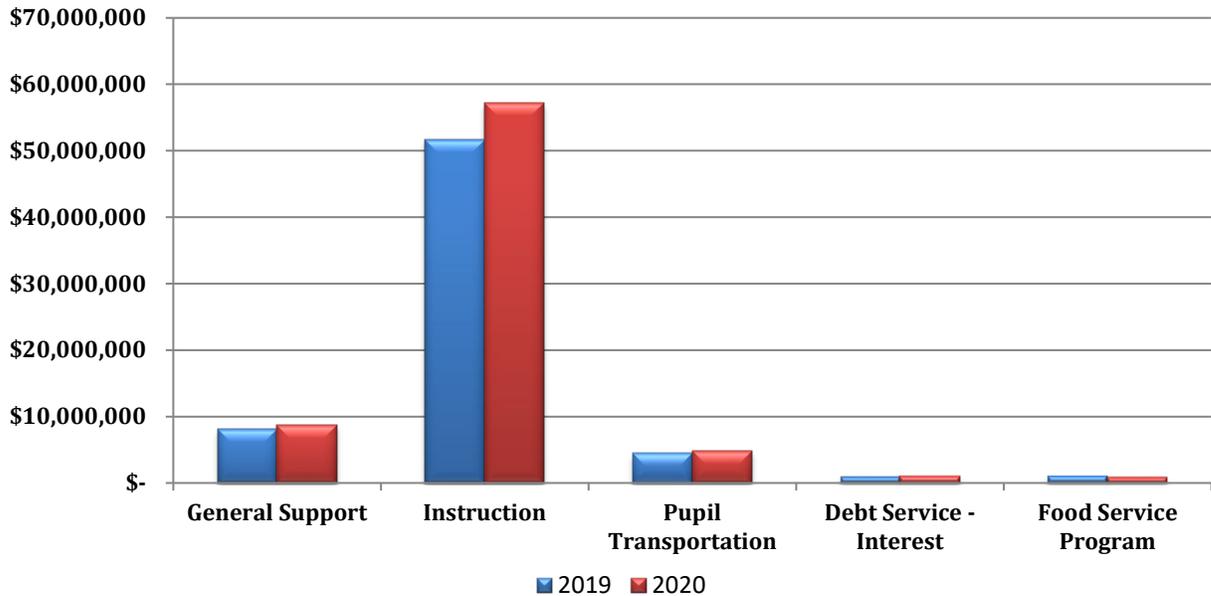
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2019</b>	2.3%	3.0%	0.0%	72.9%	16.7%	5.1%
<b>2020</b>	2.2%	2.8%	0.2%	73.2%	16.6%	5.0%

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

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
<b>2019</b>	12.2%	78.2%	6.7%	1.4%	1.5%
<b>2020</b>	12.0%	78.6%	6.7%	1.5%	1.2%

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

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$11,575,880, which is a decrease of \$7,966,468 from the prior year. This decrease is 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. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
<b>General Fund</b>			
Nonspendable			
Prepays	\$ 25,000	\$ -	\$ 25,000
Restricted			
Unemployment insurance	451,931	447,109	4,822
Retirement contribution			
Teachers' retirement system	421,318	416,823	4,495
Employees' retirement system	7,286,147	7,317,231	(31,084)
Employee benefit accrued liability	2,842,329	3,034,127	(191,798)
Assigned:			
Appropriated fund balance	1,850,000	915,000	935,000
Unappropriated fund balance	106,965	73,428	33,537
Unassigned: Fund balance	4,005,611	2,543,031	1,462,580
	<u>16,989,301</u>	<u>14,746,749</u>	<u>2,242,552</u>

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

	2020	2019	Increase (Decrease)
<b>School Food Service Fund</b>			
Nonspendable: Inventories	\$ 5,517	\$ 10,079	\$ (4,562)
Assigned: Unappropriated fund balance	2,608	140,048	(137,440)
	8,125	150,127	(142,002)
<b>Debt Service Fund</b>			
Restricted: Debt service	633,859	633,859	-
<b>Capital Projects Fund</b>			
Assigned: Unappropriated fund balance		4,011,613	(4,011,613)
Unassigned: Fund balance (deficit)	(6,055,405)		(6,055,405)
	(6,055,405)	4,011,613	(10,067,018)
 Total Fund Balance	 \$ 11,575,880	 \$ 19,542,348	 \$ (7,966,468)

**A. General Fund**

The net change in the general fund-fund balance is an increase of \$2,242,552 compared to an increase of \$1,510,976 in the prior year. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The District's revenues and other financing sources increased by \$2,398,756 or 3.98%, as compared to the prior year. This increase is primarily attributable to increases in property taxes and charges for services. The increase in property taxes is due to an increase in the tax levy in accordance with the 2019-2020 budget. The increase in state sources is primarily due an increase in lottery aid allocation in the current year.

Expenditures and other financing uses increased by \$1,667,180 or 2.84% over the prior year. This increase was primarily due to increases in payroll expenditures, debt service principal and interest as the District began debt service payments on the 2019 bond issue, and pupil transportation due to higher contract rates from a new service provider, offset by decreases in employee benefits due to lower required TRS contribution.

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

	Balance @ June 30, 2019	Use of Reserves	Interest	Balance @ June 30, 2020	Appropriated for June 30, 2021
Unemployment insurance	\$ 447,109	\$	\$ 4,822	\$ 451,931	\$
Retirement contribution					
TRS	416,823		4,495	421,318	250,000
ERS	7,317,231	(110,000)	78,916	7,286,147	750,000
EBALR	3,034,127	(224,521)	32,723	2,842,329	275,000
	\$ 11,215,290	\$ (334,521)	\$ 120,956	\$ 11,001,725	\$ 1,275,000

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

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**B. School Food Service Fund**

The net change in the school food service fund – fund balance is a decrease of \$142,002, which was the operating loss of the food service program resulting from the school closure in response to the COVID-19 pandemic health crisis.

**C. Debt Service Fund**

There was no change in the debt service fund-fund balance as the funds were not utilized to offset current debt expenditures.

**D. Capital Projects Fund**

The net change in the capital projects fund – fund balance is a decrease of \$10,067,018, due to capital expenditures of \$10,897,018 in excess of the general fund transfer in of \$830,000.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-2020 Budget**

The District's general fund adopted budget for the year ended June 30, 2020 was \$63,575,777. This amount was increased by encumbrances carried forward from the prior year in the amount of \$73,428 for a total final budget of \$63,649,205.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$47,560,597 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 prior years' excess revenues over expenditures, 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	\$ 2,543,031
Revenues Over Budget	440,100
Expenditures and Encumbrances Under Budget	3,068,915
Interest Earned on Reserves	(120,956)
Nonspendable - Prepaids	(25,000)
Unused Budgeted Reserves	(50,479)
Appropriated for the 2020-2021 Budget	<u>(1,850,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 4,005,611</u>

Opening, Unassigned Fund Balance

The \$2,543,031 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

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

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Revenues Over Budget

The 2019-2020 final budget for revenues was \$62,275,777. Actual revenues recognized for the year were \$62,715,877. The excess of actual revenue over estimated or budgeted revenue was \$440,100, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 final budget for expenditures was \$63,649,205. Actual expenditures as of June 30, 2020 were \$60,473,325 and outstanding encumbrances were \$106,965. Combined, the expenditures plus encumbrances for 2019-2020 were \$60,580,290. The final budget variance was \$3,068,915, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Interest Earned on Reserves

The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Nonspendable - Prepaids

The District intended to lease-purchase a work truck. A down payment of \$25,000 was made during the 2019-20 fiscal year, but the District did not receive the vehicle and the lease-purchase was not fully executed until July 2020. The prepaid amount has been reserved as nonspendable until the District has taken possession of the vehicle in July 2020.

Unused Budgeted Reserves

The District had budgeted the use of the employee's retirement system reserve (\$110,000) and the employee benefit accrued liability reserve (\$275,000) for the 2019-20 school year. The District did not fully utilize the employee benefit accrued liability reserve's budgeted amount, leaving \$50,479 unused as of June 30, 2020. The table in §4.A. of this Management's Discussion and Analysis details the use of the reserves.

Appropriated Fund Balance

The District has chosen to use \$1,850,000 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 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, 2020 was \$4,005,611. This amount equals 6.15% of the 2020-2021 budget, which exceeds the 4% statutory limit.

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

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

**A. Capital Assets, Net**

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$10,975,074 in excess of depreciation expense of \$1,221,996 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Land	\$ 3,168,980	\$ 3,168,980	\$ -
Construction in progress	17,596,213	6,743,827	10,852,386
Buildings and improvements	18,054,078	18,826,384	(772,306)
Site improvements	3,592,472	3,852,164	(259,692)
Furniture and equipment	413,934	481,244	(67,310)
Capital assets, net	<u>\$ 42,825,677</u>	<u>\$ 33,072,599</u>	<u>\$ 9,753,078</u>

**B. Debt Administration**

At June 30, 2020, the District had total bonds payable of \$20,225,000 and an energy performance contract payable of \$1,351,911. There were no new issuances of long-term debt during the year ended June 30, 2020. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
<b>Bonds Payable</b>				
6/12/2014	2.0-4.0%	\$ 6,445,000	\$ 6,770,000	\$ (325,000)
6/13/2019	3.0-5.0%	<u>13,780,000</u>	<u>14,485,000</u>	<u>(705,000)</u>
		<u>\$ 20,225,000</u>	<u>\$ 21,255,000</u>	<u>\$ (1,030,000)</u>
<b>Energy Performance Contract Payable</b>				
12/23/2010	3.24%	<u>\$ 1,351,911</u>	<u>\$ 1,552,954</u>	<u>\$ (201,043)</u>

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, net pension liability - proportionate share and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The net pension liability - proportionate share and the total other postemployment benefits liability are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences payable	\$ 3,180,846	\$ 3,047,364	\$ 133,482
Net pension liability - proportionate share	4,199,580	1,143,462	3,056,118
Total OPEB liability	<u>184,973,702</u>	<u>160,858,207</u>	<u>24,115,495</u>
	<u>\$ 192,354,128</u>	<u>\$ 165,049,033</u>	<u>\$ 27,305,095</u>

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

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

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is \$65,175,600. This is an increase of \$1,599,823 or 2.52% over the previous year's budget. The increase is principally in the special education and related services (\$1,231,506) area of the budget.

The District budgeted revenues other than property taxes and STAR at a \$225,177 increase over the prior year's estimate, which is primarily due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$1,850,000 is a \$935,000 increase over the previous year. Additionally, the District has elected to appropriate \$1,275,000 of restricted reserves towards next year's budget, which is an increase of \$890,000 over the previous year. As a result, the District's 2020-2021 property tax levy is \$46,817,635, which equaled the previous year's tax levy.

**B. Future Budgets**

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, 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 2020-2021 property tax levy, which was not increased, was less than the tax cap of 2.0% and did not require an override vote.

**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. Joel Press  
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, 2020

**ASSETS**

Cash	
Unrestricted	\$ 9,464,353
Restricted	15,111,767
Receivables	
Accounts receivable	94,864
Taxes receivable	2,152,454
Due from state and federal	2,210,947
Due from other governments	929,671
Prepays	
Inventories	25,000
Capital assets:	
Not being depreciated	20,765,193
Being depreciated, net of accumulated depreciation	22,060,484
Net pension asset - proportionate share	3,343,597
Total Assets	76,163,847

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	14,072,105
Other postemployment benefits	45,359,308
Total Deferred Outflows of Resources	59,431,413

**LIABILITIES**

Payables	
Accounts payable	1,987,666
Accrued liabilities	200,802
Due to fiduciary funds	59,680
Due to other governments	396,010
Due to teachers' retirement system	2,164,162
Due to employees' retirement system	208,583
Compensated absences payable	210,774
Unearned credits - collections in advance	17,237
Notes payable - bond anticipation notes	12,750,000
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	1,194,919
Energy performance contract payable	207,609
Compensated absences payable	122,000
Due and payable after one year	
Bonds payable, net	20,784,021
Energy performance contract payable	1,144,302
Compensated absences payable	3,058,846
Net pension liability - proportionate share	4,199,580
Total other postemployment benefits liability	184,973,702
Total Liabilities	233,679,893

**DEFERRED INFLOWS OF RESOURCES**

Pensions	4,691,802
Total	4,691,802

**NET POSITION (DEFICIT)**

Net investment in capital assets	11,974,949
Restricted	
Unemployment insurance	451,931
Retirement contribution	
Teachers' retirement system	421,318
Employees' retirement system	7,286,147
Employee benefit accrued liability	2,842,329
Total	11,001,725
Unrestricted (deficit)	(125,753,109)
Total Net Position (Deficit)	\$ (102,776,435)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Activities**  
For The Year Ended June 30, 2020

		Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 8,705,197	\$	\$	\$ (8,705,197)	
Instruction	57,212,359	1,232,533	1,352,913	118,292	(54,508,621)
Pupil transportation	4,894,110				(4,894,110)
Debt service - interest	1,061,085				(1,061,085)
Food service program	842,767	211,590	482,978		(148,199)
Total Functions and Programs	\$ 72,715,518	\$ 1,444,123	\$ 1,835,891	\$ 118,292	(69,317,212)
<b>GENERAL REVENUES</b>					
Real property taxes					42,597,549
Other tax items					6,395,105
Use of money and property					804,967
Sale of property and compensation for loss					23,135
Miscellaneous					344,617
Intergovernmental revenue					583,306
State sources					10,797,986
Medicaid reimbursement					107,732
Total General Revenues					61,654,397
Change in Net Position					(7,662,815)
Total Net Position (Deficit) - Beginning of Year					(95,113,620)
Total Net Position (Deficit) - End of Year					\$ (102,776,435)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 7,605,045	\$ 22,290	\$ 53,791	\$	\$ 1,783,227	\$ 9,464,353
Restricted	11,635,584				3,476,183	15,111,767
Receivables						
Accounts receivable	94,820		44			94,864
Taxes receivable	2,152,454					2,152,454
Due from other funds	1,099,228	24,243		633,859	1,784,195	3,541,525
Due from state and federal	888,745	1,072,749	89,441		160,012	2,210,947
Due from other governments	929,671					929,671
Prepays	25,000					25,000
Inventories			5,517			5,517
<b>Total Assets</b>	<b>\$ 24,430,547</b>	<b>\$ 1,119,282</b>	<b>\$ 148,793</b>	<b>\$ 633,859</b>	<b>\$ 7,203,617</b>	<b>\$ 33,536,098</b>
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 1,494,315	\$ 59,900	\$ 84,441	\$	\$ 349,010	\$ 1,987,666
Accrued liabilities	75,323					75,323
Due to other funds	2,502,846	1,059,382	38,977			3,601,205
Due to other governments	395,997		13			396,010
Due to teachers' retirement system	2,164,162					2,164,162
Due to employees' retirement system	208,583					208,583
Compensated absences payable	210,774					210,774
Unearned credits - collections in advance			17,237			17,237
Notes payable						
Bond anticipation notes					12,750,000	12,750,000
<b>Total Liabilities</b>	<b>7,052,000</b>	<b>1,119,282</b>	<b>140,668</b>	<b>-</b>	<b>13,099,010</b>	<b>21,410,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	389,246				160,012	549,258
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable: Inventories			5,517			5,517
Nonspendable: Prepays	25,000					25,000
Restricted:						
Unemployment insurance	451,931					451,931
Retirement contribution						
Teachers' retirement system	421,318					421,318
Employees' retirement system	7,286,147					7,286,147
Employee benefit accrued liability	2,842,329					2,842,329
Debt service				633,859		633,859
Assigned:						
Appropriated fund balance	1,850,000					1,850,000
Unappropriated fund balance	106,965		2,608			109,573
Unassigned: Fund balance (deficit)	4,005,611				(6,055,405)	(2,049,794)
<b>Total Fund Balances (Deficit)</b>	<b>16,989,301</b>	<b>-</b>	<b>8,125</b>	<b>633,859</b>	<b>(6,055,405)</b>	<b>11,575,880</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 24,430,547</b>	<b>\$ 1,119,282</b>	<b>\$ 148,793</b>	<b>\$ 633,859</b>	<b>\$ 7,203,617</b>	<b>\$ 33,536,098</b>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2020

Total Governmental Funds Balance	\$	11,575,880
Amounts reported for governmental activities in the Statement of Net Position are different because:		
<p>The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.</p>		
Original cost of capital assets	\$	59,522,288
Less: Accumulated depreciation	<u>(16,696,611)</u>	42,825,677
<p>Proportionate share of long-term liability and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds, but are not reported on the Statement of Net Position.</p>		
Net pension asset - teachers' retirement system	3,343,597	
Deferred outflows of resources	14,072,105	
Net pension liability - employees' retirement system	(4,199,580)	
Deferred inflows of resources	<u>(4,691,802)</u>	8,524,320
<p>Total other postemployment benefits liability and deferred outflows of resources related to providing benefits in retirement is not a current financial resource or obligations and are not reported in the funds.</p>		
Deferred outflows of resources	45,359,308	
Other postemployment benefits liability	<u>(184,973,702)</u>	(139,614,394)
<p>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.</p>		
		549,258
<p>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:</p>		
Accrued interest on bonds payable	(125,479)	
Bonds payable, net	(21,978,940)	
Energy performance contract payable	(1,351,911)	
Compensated absences payable	<u>(3,180,846)</u>	(26,637,176)
Total Net Position (Deficit)	\$	<u><u>(102,776,435)</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, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 42,597,549	\$	\$	\$	\$	\$ 42,597,549
Other tax items	6,395,105					6,395,105
Charges for services	1,353,523					1,353,523
Use of money and property	792,872		437			793,309
Sale of property and compensation for loss	23,135					23,135
Miscellaneous	121,108					121,108
Intergovernmental revenue	583,306					583,306
State sources	10,642,931	372,296	16,041			11,031,268
Medicaid reimbursement	107,732					107,732
Federal sources		980,617	466,937			1,447,554
Sales			211,153			211,153
<b>Total Revenues</b>	<b>62,617,261</b>	<b>1,352,913</b>	<b>694,568</b>	<b>-</b>	<b>-</b>	<b>64,664,742</b>
<b>EXPENDITURES</b>						
General support	5,496,026					5,496,026
Instruction	32,620,526	1,387,710				34,008,236
Pupil transportation	4,750,533	88,581				4,839,114
Employee benefits	14,232,112					14,232,112
Debt service						
Principal	1,231,043					1,231,043
Interest	1,183,510					1,183,510
Food service program			842,767			842,767
Capital outlay					10,897,018	10,897,018
<b>Total Expenditures</b>	<b>59,513,750</b>	<b>1,476,291</b>	<b>842,767</b>	<b>-</b>	<b>10,897,018</b>	<b>72,729,826</b>
Excess (Deficiency) of Revenues Over Expenditures	3,103,511	(123,378)	(148,199)	-	(10,897,018)	(8,065,084)
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Premium on obligation	98,616					98,616
Operating transfers in		123,378	6,197		830,000	959,575
Operating transfers (out)	(959,575)					(959,575)
<b>Total Other Financing Sources and (Uses)</b>	<b>(860,959)</b>	<b>123,378</b>	<b>6,197</b>	<b>-</b>	<b>830,000</b>	<b>98,616</b>
<b>Net Change in Fund Balances</b>	<b>2,242,552</b>	<b>-</b>	<b>(142,002)</b>	<b>-</b>	<b>(10,067,018)</b>	<b>(7,966,468)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>14,746,749</b>		<b>150,127</b>	<b>633,859</b>	<b>4,011,613</b>	<b>19,542,348</b>
<b>End of Year</b>	<b>\$ 16,989,301</b>	<b>\$ -</b>	<b>\$ 8,125</b>	<b>\$ 633,859</b>	<b>\$ (6,055,405)</b>	<b>\$ 11,575,880</b>

**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, 2020

Net Change in Fund Balances \$ (7,966,468)

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 amounts earned during the year. In the governmental fund, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

\$ 289,345

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

(133,482)

155,863

Capital Related Differences

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

Capital outlays and other additions  
Depreciation expense

10,975,074  
(1,221,996)

9,753,078

Long-Term Debt Transactions Differences

The amortization of bond premium decreases interest expense in the Statement of Activities.

134,919

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

Repayment of bond principal  
Repayment of energy performance contract

1,030,000  
201,043

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 increased from June 30, 2019 to June 30, 2020.

(12,494)

1,353,468

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  
Employees' retirement system  
Other postemployment benefits

(802,014)  
(2,302,330)  
(7,854,412)

(10,958,756)

Change in Net Position (Deficit) of Governmental Activities

\$ (7,662,815)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position -**  
**Fiduciary Funds**  
June 30, 2020

	Agency	Private Purpose Trust
<b>ASSETS</b>		
Cash - Unrestricted	\$ 233,928	\$
Due from governmental funds	60,549	
Total Assets	\$ 294,477	-
 <b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 51,379	\$
Due to governmental funds		869
Other liabilities	243,098	
Total Liabilities	\$ 294,477	869
 <b>NET POSITION (DEFICIT)</b>		
Restricted for scholarships		\$ (869)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position -**  
**Fiduciary Funds**  
For The Year Ended June 30, 2020

	Private Purpose Trust
<b>ADDITIONS</b>	\$ -
<b>DEDUCTIONS</b>	-
Changes in Net Position	-
Net Position (Deficit) - Beginning of Year	(869)
Net Position (Deficit) - End of Year	\$ (869)

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

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**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 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, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education 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. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

**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. 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)

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**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 include operating-specific discretionary (either operating or capital) grants, 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 acquisition, construction, renovation or major repair of capital facilities and other capital assets.

**Fiduciary Funds** – are used to account for activities in which the District acts as trustee or agent 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 are the District's fiduciary funds:

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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***Agency Funds*** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

***Private Purpose Trust Funds*** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

**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 fund 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, compensated absences, other postemployment benefits, 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  
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**E. Real Property Taxes**

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.

The District also levies the real property taxes for the West Hempstead Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in 12 installments. These pass-through amounts are not included in the District's real property tax revenues.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

**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 with annual increases of no more than 2% 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 \$1,089,040 in LIPA PILOT revenue during the 2019-2020 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.

**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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary 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 compensated absences, pension costs, other postemployment benefits, workers' compensation 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. 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.

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

**M. Prepaid Items**

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

A portion of fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable 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 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:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	15-50 years
Site improvements	5,000	15-30 years
Furniture, equipment and vehicles	5,000	5-20 years

**O. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. First 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 changes in the total other postemployment benefits 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.

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-

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

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 New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

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

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

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

**T. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position 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 two 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 other governments for tuition charges as well as state and federal aid. 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 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.

**U. 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) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

*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 and down payment on equipment, which are recorded in the school food service fund and the general fund, respectively.

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

*Employee Benefit Accrued Liability Reserve*

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time 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 Service*

Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

*Restricted for Scholarships*

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

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Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the private purpose trust fund.

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget, 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 of Education 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 of Education.

The Board of Education 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.

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 Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards 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, 2021	GASB No. 84 - <i>Fiduciary Activities</i>
June 30, 2022	GASB No. 87 - <i>Leases</i>

GASB Statement No. 84 will require the District to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

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GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

**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 long-term assets and liabilities.

**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.

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 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 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.

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**NOTES TO FINANCIAL STATEMENTS**  
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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.

Other postemployment benefit 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 premiums and other postemployment benefit 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 administration prepares a proposed budget for approval by the Board of Education 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 of Education 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. No supplemental appropriations occurred during the year.

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.

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**NOTES TO FINANCIAL STATEMENTS**  
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**C. Unassigned Fund Balance**

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

**D. Private Purpose Trust Fund Deficit**

The scholarship funds accounted for in the fiduciary private purpose trust fund had a deficit net position of \$869 at June 30, 2020. This deficit will be eliminated with future contributions from donors.

**E. Capital Projects Fund**

The capital projects fund has an unassigned fund balance deficit of \$6,055,405. This will be eliminated when the District obtains permanent financing for its bond projects.

**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.

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2020, the District was billed \$4,861,765 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$609,820. 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.

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**7. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2020 consisted of:

General Fund	
New York State - excess cost aid	\$ 378,140
BOCES aid	510,605
	<u>888,745</u>
Special Aid Fund	
Federal and state grants	1,072,749
School Food Service Fund	
Federal and state food service program reimbursements	89,441
Capital Projects Fund	
New York State Smart Schools Bond Act aid	<u>160,012</u>
	<u>\$ 2,210,947</u>

District management expects these amounts to be fully collectible.

**8. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2020 consisted of:

General Fund	
PILOT Receivable	\$ 169,651
Miscellaneous receivables	48,987
Other school districts - charges for services	<u>711,033</u>
	<u>\$ 929,671</u>

District management expects these amounts to be fully collectible.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2020, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,099,228	\$ 2,502,846	\$	\$ 959,575
Special Aid Fund	24,243	1,059,382	123,378	
School Food Service Fund		38,977	6,197	
Debt Service Fund	633,859			
Capital Projects Fund	1,784,195		830,000	
Total Governmental Funds	<u>3,541,525</u>	<u>3,601,205</u>	<u>\$ 959,575</u>	<u>\$ 959,575</u>
Fiduciary Funds	<u>60,549</u>	<u>869</u>		
Total	<u>\$ 3,602,074</u>	<u>\$ 3,602,074</u>		

The District typically transfers from the general fund to the special aid fund and the capital projects fund per the approved budget. 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 capital projects fund was to provide funding for capital improvement projects. The transfer to the school food service fund was to cover uncollected student balances in accordance with New York State law.

**10. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance	Additions	Reductions	Balance
	June 30, 2019			June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,168,980	\$	\$	\$ 3,168,980
Construction in progress	6,743,827	10,852,386		17,596,213
Total capital assets not being depreciated	<u>9,912,807</u>	<u>10,852,386</u>	-	<u>20,765,193</u>
Capital assets being depreciated:				
Buildings and improvements	31,980,281	44,632		32,024,913
Site improvements	4,692,335	18,377		4,710,712
Furniture and equipment	1,961,791	59,679		2,021,470
Total capital assets being depreciated	<u>38,634,407</u>	<u>122,688</u>	-	<u>38,757,095</u>
Less accumulated depreciation for:				
Buildings and improvements	13,153,897	816,938		13,970,835
Site improvements	840,171	278,069		1,118,240
Furniture and equipment	1,480,547	126,989		1,607,536
Total accumulated depreciation	<u>15,474,615</u>	<u>1,221,996</u>	-	<u>16,696,611</u>
Total capital assets being depreciated, net	<u>23,159,792</u>	<u>(1,099,308)</u>	-	<u>22,060,484</u>
Capital assets, net	<u>\$ 33,072,599</u>	<u>\$ 9,753,078</u>	\$ -	<u>\$ 42,825,677</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense was charged to governmental functions as follows:

General support	\$ 294,349
Instruction	<u>927,647</u>
Total depreciation expense	<u>\$ 1,221,996</u>

**11. SHORT-TERM DEBT**

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

	Maturity	Stated Interest Rate	Balance June 30, 2019	Issued	Redeemed	Balance June 30, 2020
BAN	6/12/2020	2.25%	\$ 10,245,000	\$	\$ (10,245,000)	\$ -
TAN	6/25/2020	2.00%	-	4,900,000	(4,900,000)	-
BAN	6/11/2021	1.50%	-	12,750,000	-	12,750,000
			<u>\$ 10,245,000</u>	<u>\$ 17,650,000</u>	<u>\$ (15,145,000)</u>	<u>\$ 12,750,000</u>

Interest on short-term debt for the year was \$299,017. The District received issuance premiums of \$20,139 and \$78,477 for the TAN and BAN, respectively, which resulted in effective interest rates of 1.42% and 1.48% on the TAN and BAN, respectively.

**12. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pensions and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 21,255,000	\$	\$ (1,030,000)	\$ 20,225,000	\$ 1,060,000
Add: Premium on obligation	1,888,859		(134,919)	1,753,940	134,919
Energy performance contract	1,552,954		(201,043)	1,351,911	207,609
	<u>24,696,813</u>		<u>(1,365,962)</u>	<u>23,330,851</u>	<u>1,402,528</u>
<u>Other long-term liabilities:</u>					
Compensated absences	3,047,364	133,482		3,180,846	122,000
	<u>\$ 27,744,177</u>	<u>\$ 133,482</u>	<u>\$ (1,365,962)</u>	<u>\$ 26,511,697</u>	<u>\$ 1,524,528</u>

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Library bond - refunding	6/12/2014	3/1/2034	2.0-4.0%	\$ 6,445,000
Serial bond	6/13/2019	6/1/2034	3.0-5.0%	<u>13,780,000</u>
				<u>\$ 20,225,000</u>

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 2019-2020 the District received \$583,306 from the Library, which is recorded as intergovernmental revenue.

The following is a summary of debt service requirements:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,060,000	\$ 807,456	\$ 1,867,456
2022	1,115,000	757,856	1,872,856
2023	1,170,000	705,706	1,875,706
2024	1,225,000	650,956	1,875,956
2025	1,285,000	593,656	1,878,656
2026 - 2030	7,375,000	2,050,482	9,425,482
2031 - 2034	<u>6,995,000</u>	<u>579,388</u>	<u>7,574,388</u>
Total	<u>\$ 20,225,000</u>	<u>\$ 6,145,500</u>	<u>\$ 26,370,500</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
2021	\$ 134,919
2022	134,919
2023	134,919
2024	134,919
2025	134,919
2026 - 2030	674,595
2031 - 2034	<u>404,750</u>
Total	<u>\$ 1,753,940</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**C. Energy Performance Contract**

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Energy performance contract	12/23/2010	6/23/2026	3.24%	<u>\$ 1,351,911</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 207,609	\$ 42,134	\$ 249,743
2022	214,390	35,353	249,743
2023	221,393	28,350	249,743
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>\$ 1,351,911</u>	<u>\$ 146,548</u>	<u>\$ 1,498,459</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.

**D. Interest Expense**

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

Interest paid	\$ 884,493
Less interest accrued in the prior year	(112,985)
Plus interest accrued in the current year	125,479
Less amortization of bond premium	<u>(134,919)</u>
Total interest expense on long-term debt	<u>\$ 762,068</u>

**E. Unissued Debt**

On March 15, 2016, the District’s voters approved a bond issue not to exceed \$35,570,029 to fund needed district-wide capital improvements. As of June 30, 2020, the District has recognized \$16,000,000 of permanent financing, of which \$14,485,000 was from the issuance of serial bonds, \$1,255,000 was from premiums, and \$260,000 was from general fund appropriations. At June 30, 2020, there were also bond anticipation notes outstanding of \$12,750,000. The District has \$6,820,029 in authorized but unissued debt.

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. 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, 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.

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 on the NYS Comptroller's website 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 contributions are deducted from state aid in the subsequent months of September, October and November. 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

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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 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.76% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020, was \$1,974,623 for TRS at the contribution rate of 8.86% and \$705,107 for ERS at an average contribution rate of 12.86%.

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2019, for TRS and March 31, 2020 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 3,343,597	\$ (4,199,580)
District's portion of the Plan's total net pension asset/(liability)	0.128699%	0.0158591%
Change in proportion since the prior measurement date	0.000752	(0.0002794)

For the year ended June 30, 2020, the District recognized pension expense of \$4,279,567 for TRS and \$1,499,653 for ERS. At June 30, 2020, 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	\$ 2,265,870	\$ 247,162	\$ 248,636	\$
Changes of assumptions	6,316,502	84,560	1,540,142	73,016
Net difference between projected and actual earnings on pension plan investments		2,152,909	2,681,392	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	637,268	184,628	99,243	49,373
District contributions subsequent to the measurement date	1,974,623	208,583		
<b>Total</b>	<b>\$ 11,194,263</b>	<b>\$ 2,877,842</b>	<b>\$ 4,569,413</b>	<b>\$ 122,389</b>

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District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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
2021	\$ 1,657,324	\$ 461,997
2022	240,617	645,498
2023	1,651,841	800,029
2024	1,105,735	639,346
2025	113,954	-
Thereafter	(119,244)	-
	<u>\$ 4,650,227</u>	<u>\$ 2,546,870</u>

**Actuarial Assumptions**

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Inflation	2.20%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.10%	6.80%
Inflation rate	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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.

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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 Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2020
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternative investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). 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 7.10% for TRS and 6.80% 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 (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

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TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset (liability)	\$ (15,092,649)	\$ 3,343,597	\$ 18,809,527
ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset (liability)	\$ (7,707,415)	\$ (4,199,580)	\$ (968,849)

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:

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	\$ (119,879,474)	\$ (194,596,261)
Plan fiduciary net position	122,477,481	168,115,682
Employers' net pension asset/(liability)	\$ 2,598,007	\$ (26,480,579)
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%	86.39%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$1,974,623 of employer contributions and \$189,539 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, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$208,583 of employer contributions. Employee contributions are remitted monthly.

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**14. 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, 2020, totaled \$179,005 and \$1,624,381, respectively.

**15. 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 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.

Inactive employees or beneficiaries currently receiving benefit payments	260
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	285
	545

**B. Total OPEB Liability**

The District’s total OPEB liability of \$184,973,702 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

*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	2.60%	
Healthcare cost trend rates	8%	for 2020, decreasing to an ultimate rate of 5% by 2026
Retirees' share of benefit-related costs	10-20%	of projected health insurance premiums for retirees

The discount rate was based on an average of three 20-year bond indices (Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, and Fidelity GA AA 20 years) as of June 30, 2020.

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Mortality rates were based on the RP 2014 Employee and Healthy Annuitant Tables for both pre and post retirement as appropriate, with adjustments for mortality improvement Scale MP-2018.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of April 1, 2019 – March 31, 2020.

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

Balance at June 30, 2019	<u>\$ 160,858,207</u>
Changes for the year	
Service cost	2,077,976
Interest	4,682,078
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	21,087,997
Benefit payments	<u>(3,732,556)</u>
	<u>24,115,495</u>
Balance at June 30, 2020	<u>\$ 184,973,702</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.10% in 2019 to 2.60% in 2020.

*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 (1.60%) or 1 percentage point higher (3.60%) than the current discount rate:

	1% Decrease 1.60 %	Discount Rate 2.60 %	1% Increase 3.60 %
OPEB			
Total OPEB liability	<u>\$ (241,491,521)</u>	<u>\$ (184,973,702)</u>	<u>\$ (146,425,819)</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 (7.0%) or 1 percentage point higher (9.0%) than the current healthcare cost trend rate:

	1% Decrease 7.0% decreasing to 4.0%	Healthcare Cost Trend Rates 8.0% decreasing to 5.0%	1% Increase 9.0% decreasing to 6.0%
OPEB			
Total OPEB liability	<u>\$ (141,943,650)</u>	<u>\$ (184,973,702)</u>	<u>\$ (252,136,158)</u>

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

**D. OPEB Expense**

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$
Changes of assumptions or other inputs	45,359,308
Total	\$ 45,359,308

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

Year Ending June 30,	Amount
2021	\$ 4,123,573
2022	4,123,573
2023	4,123,573
2024	4,123,573
2025	4,123,573
Thereafter	24,741,443
	\$ 45,359,308

**16. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid and tuition from other districts, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State in response to its revenue losses due to the pandemic. Unavailable revenues, in the general fund at June 30, 2020, total \$389,246.

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2020, 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, 2020, total \$160,012.

**17. 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)

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**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, 2019 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 \$130,611,601. The Plan had assets of \$165,097,962 at June 30, 2019 to pay these liabilities.

**18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2020 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2021:

Retirement contribution - Employees' Retirement System	\$ 750,000
Retirement contribution - Teachers' Retirement System	250,000
Employee benefit accrued liability	<u>275,000</u>
	<u>\$ 1,275,000</u>

**19. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$1,850,000 has been appropriated to help fund the general fund budget for the year ending June 30, 2021.

**20. 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 \$879,563. The District received payment in lieu of taxes (PILOT) payments totaling \$291,749.

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

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**21. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	<u>\$ 2,192,055</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	67,260
Instruction	<u>39,705</u>
	<u>106,965</u>
Capital Projects Fund	
Capital projects	<u>132,720</u>
	<u>\$ 2,431,740</u>

**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 believes that the outcome of any matters will not have a material effect on these financial statements.

**22. 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:

**A. Issuance of TANs**

On October 20, 2020, the District issued tax anticipation notes totaling \$4,900,000. The notes bear interest at a stated rate of 1.50% and an effective interest rate of 0.50% (net of premium at issuance of \$33,418) and are due June 25, 2021.

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

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**B. Issuance of Installment Purchase Debt Agreement**

On July 15, 2020, the District entered into an installment purchase debt agreement in the amount of \$17,500 to finance the balance due on the purchase of a District vehicle. The debt bears interest at a stated rate of 5.63% and matures on July 20, 2022 with annual installments of \$6,143. The District provided a down payment of \$25,000 in March 2020 towards the purchase which is included in prepaid expense at June 30, 2020.

**C. Impact of COVID-19**

On March 11, 2020, the novel coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization. COVID-19 is an international, national and New York State public health emergency. As such, the COVID-19 outbreak continues to disrupt business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the State, all of which are uncertain and cannot be predicted.

**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, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 41,560,597	\$ 42,568,143	\$ 42,597,549	\$ 29,406
Other tax items	7,358,469	6,350,923	6,395,105	44,182
Charges for services	695,501	695,501	1,353,523	658,022
Use of money and property	534,850	534,850	792,872	258,022
Sale of property and compensation for loss			23,135	23,135
Miscellaneous	175,000	175,000	121,108	(53,892)
Intergovernmental revenue	585,907	585,907	583,306	(2,601)
<b>Total Local Sources</b>	<b>50,910,324</b>	<b>50,910,324</b>	<b>51,866,598</b>	<b>956,274</b>
State Sources	11,350,453	11,350,453	10,642,931	(707,522)
Medicaid Reimbursement	15,000	15,000	107,732	92,732
<b>Total Revenues</b>	<b>62,275,777</b>	<b>62,275,777</b>	<b>62,617,261</b>	<b>341,484</b>
<b>OTHER FINANCING SOURCES</b>				
Premium on Obligation			98,616	98,616
<b>Total Revenues and Other Financing Sources</b>	<b>62,275,777</b>	<b>62,275,777</b>	<b>62,715,877</b>	<b>\$ 440,100</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	915,000	915,000		
Prior Year's Encumbrances	73,428	73,428		
Appropriated Reserves	385,000	385,000		
<b>Total Appropriated Fund Balance</b>	<b>1,373,428</b>	<b>1,373,428</b>		
<b>Total Revenues, Other Sources and Appropriated Fund Balance</b>	<b>\$ 63,649,205</b>	<b>\$ 63,649,205</b>		

**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, 2020

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 123,064	\$ 122,221	\$ 114,003		\$ 8,218
Central administration	337,091	352,312	343,101	750	8,461
Finance	869,841	896,339	823,788	40,114	32,437
Staff	348,915	350,465	327,882		22,583
Central services	3,970,500	3,970,650	3,348,492	26,396	595,762
Special items	537,323	538,760	538,760		-
<b>Total General Support</b>	<b>6,186,734</b>	<b>6,230,747</b>	<b>5,496,026</b>	<b>67,260</b>	<b>667,461</b>
Instruction					
Administration & improvement	2,614,694	2,661,074	2,500,782	5,243	155,049
Teaching - regular schools	15,810,586	15,513,241	15,078,420	21,203	413,618
Programs for students with disabilities	9,688,845	10,129,432	9,921,696		207,736
Occupational education	553,000	384,500	383,981		519
Teaching - special school	17,850	19,718	18,718		1,000
Instructional media	1,352,257	1,392,566	1,172,327	8,996	211,243
Pupil services	3,704,534	3,913,518	3,544,602	4,263	364,653
<b>Total Instruction</b>	<b>33,741,766</b>	<b>34,014,049</b>	<b>32,620,526</b>	<b>39,705</b>	<b>1,353,818</b>
Pupil Transportation	4,774,657	4,928,369	4,750,533		177,836
Employee Benefits	15,490,208	14,874,200	14,232,112		642,088
Debt Service					
Principal	1,451,043	1,411,043	1,231,043		180,000
Interest	999,797	1,185,797	1,183,510		2,287
<b>Total Debt Service</b>	<b>2,450,840</b>	<b>2,596,840</b>	<b>2,414,553</b>	<b>-</b>	<b>182,287</b>
<b>Total Expenditures</b>	<b>62,644,205</b>	<b>62,644,205</b>	<b>59,513,750</b>	<b>106,965</b>	<b>3,023,490</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	1,005,000	1,005,000	959,575	-	45,425
<b>Total Expenditures and Other Uses</b>	<b>\$ 63,649,205</b>	<b>\$ 63,649,205</b>	<b>60,473,325</b>	<b>\$ 106,965</b>	<b>\$ 3,068,915</b>
Net Change in Fund Balance			2,242,552		
Fund Balance - Beginning of Year			14,746,749		
Fund Balance - End of Year			<u>\$ 16,989,301</u>		

**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 Six Fiscal Years

***Teachers' Retirement System***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.128699%	0.127947%	0.127060%	0.138301%	0.143912%	0.144341%
District's proportionate share of the net pension asset/(liability)	\$ 3,343,597	\$ 2,313,620	\$ 965,780	\$ (1,481,265)	\$ 14,947,846	\$ 16,078,682
District's covered payroll	\$ 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	15.49 %	10.93 %	4.66 %	(6.90)%	68.68 %	74.59 %
Plan fiduciary net position as a percentage of the total pension asset	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0158591%	0.0161385%	0.0172238%	0.0169148%	0.0168866%	0.0168889%
District's proportionate share of the net pension liability	\$ (4,199,580)	\$ (1,143,462)	\$ (555,888)	\$ (1,589,348)	\$ (2,710,351)	\$ (570,550)
District's covered payroll	\$ 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 liability as a percentage of its covered payroll	(76.62)%	(23.12)%	(10.95)%	(31.26)%	(54.15)%	(12.00)%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
	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*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,974,623	\$ 2,281,331	\$ 2,041,324	\$ 2,359,797	\$ 2,829,854	\$ 3,798,537	\$ 3,464,729	\$ 2,418,034	\$ 2,254,904	\$ 1,800,444
Contributions in relation to the contractually required contribution	<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>	<u>2,418,034</u>	<u>2,254,904</u>	<u>1,800,444</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 22,416,883	\$ 21,588,485	\$ 21,161,915	\$ 20,722,275	\$ 21,472,733	\$ 21,765,279	\$ 21,556,444	\$ 20,853,690	\$ 20,507,445	\$ 21,125,939
Contributions as a percentage of covered payroll	9%	11%	10%	11%	13%	17%	16%	12%	11%	9%

*Employees' Retirement System*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 705,107	\$ 737,422	\$ 740,176	\$ 749,858	\$ 762,481	\$ 924,899	\$ 912,940	\$ 827,792	\$ 670,052	\$ 588,574
Contributions in relation to the contractually required contribution	<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>	<u>827,792</u>	<u>670,052</u>	<u>588,574</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 5,481,719	\$ 4,996,718	\$ 5,006,630	\$ 5,128,759	\$ 4,954,115	\$ 4,918,071	\$ 4,798,120	\$ 4,705,923	\$ 4,467,863	\$ 4,733,387
Contributions as a percentage of covered payroll	13%	15%	15%	15%	15%	19%	19%	18%	15%	12%

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 2,077,976	\$ 1,832,774	\$ 1,360,624
Interest	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	21,087,997	32,008,048	-
Benefit payments	<u>(3,732,556)</u>	<u>(3,835,949)</u>	<u>(3,318,081)</u>
Net change in total OPEB liability	24,115,495	34,844,103	2,313,981
Total OPEB liability, beginning	<u>160,858,207</u>	<u>126,014,104</u>	<u>123,700,123</u>
Total OPEB liability, ending	<u>\$ 184,973,702</u>	<u>\$ 160,858,207</u>	<u>\$ 126,014,104</u>
Covered employee payroll	\$ 28,098,618	\$ 23,098,081	\$ 20,487,577
Total OPEB liability as a percentage of covered employee payroll	658.30%	696.41%	615.08%
Discount rate	2.60%	3.10%	3.50%
Healthcare trend rates	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.*

**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, 2020

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 63,575,777
Additions:		
Prior year's encumbrances		73,428
Original Budget		63,649,205
Budget revisions		-
Final Budget		\$ 63,649,205

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

2020-2021 voter-approved expenditure budget		\$ 65,175,600
Maximum allowed (4% of 2020-2021 budget)		\$ 2,607,024
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,956,965	
Unassigned fund balance	4,005,611	
		\$ 5,962,576
Less:		
Appropriated fund balance	1,850,000	
Encumbrances	106,965	
Total adjustments		1,956,965
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 4,005,611
Actual Percentage		6.15%

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For The Year Ended June 30, 2020

PROJECT TITLE	Budget June 30, 2019	Budget June 30, 2020	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020	
			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	\$ 22,047	\$	\$ 22,047	\$ 7,953	\$	\$	\$ 30,000	\$ 30,000	\$ 7,953	\$ 7,953
High School Roof Masonry Gen Con	370,000	370,000	313,000		313,000	57,000			370,000	370,000	57,000	57,000
2014/2015 General Fund Appropriations & EXCEL												
High School Roof Masonry Arch	35,160	35,160	24,166		24,166	10,994			35,160	35,160	10,994	10,994
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	120,546
2015/2016 General Fund Appropriations												
George Washington Window Replacement	991,000	991,000	886,128		886,128	104,872			991,000	991,000	104,872	104,872
HS/MS Alarm System	265,000	265,000	248,766		248,766	16,234			265,000	265,000	16,234	16,234
Garage Replacement	130,000	130,000	132,354		132,354	(2,354)			130,000	130,000	(2,354)	(2,354)
2016/2017 General Fund Appropriations												
Cornwell Ave Elementary Cafeteria Renov.	266,000	266,000	5,962	8,694	14,656	251,344			266,000	266,000	251,344	251,344
George Washington Cafeteria Renovations	260,000	260,000	5,962	8,694	14,656	245,344			260,000	260,000	245,344	245,344
High School Auditorium Renovations	291,000	291,000	19,218	628	19,846	271,154			291,000	291,000	271,154	271,154
2017/2018 General Fund Appropriations												
High School Projection Room Renovations	810,000	810,000		27,482	27,482	782,518			810,000	810,000	782,518	782,518
2018/2019 General Fund Appropriations												
George Washington Windows	55,000	55,000	19,469	3,080	22,549	32,451			55,000	55,000	32,451	32,451
Middle School HVAC	165,000	165,000		20,693	20,693	144,307			165,000	165,000	144,307	144,307
High School Cafeteria Renovations	298,000	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	108,061
George Washington Re-Painting	100,000	100,000			-	100,000			100,000	100,000	100,000	100,000
2019/2020 General Fund Appropriations		830,000				830,000			830,000	830,000	830,000	830,000
Smart Schools Bond Act Project	41,720	160,012	41,720	118,292	160,012	-		160,012		160,012	-	-
District Wide Capital Bond Project	35,570,029	35,570,029	14,588,301	10,685,516	25,273,817	10,296,212	35,310,029		260,000	35,570,029	10,296,212	10,296,212
Totals	\$ 40,332,281	\$ 41,280,573	\$ 16,708,919	\$ 10,897,018	\$ 27,605,937	\$ 13,674,636	\$ 35,310,029	\$ 317,544	\$ 5,653,000	\$ 41,280,573	\$ 13,674,636	\$ 13,674,636
									Unissued long-term debt			(19,570,029)
									State aid not yet received			(160,012)
									Total Fund Balance			\$ (6,055,405)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2020

Capital assets, net	<u>\$ 42,825,677</u>
Deduct:	
Bond anticipation notes payable	(12,750,000)
Less: Unspent BAN proceeds	3,476,183
Short-term portion of bonds payable	(1,060,000)
Long-term portion of bonds payable	(19,165,000)
Short-term portion of energy performance contract	(207,609)
Long-term portion of energy performance contract	<u>(1,144,302)</u>
	<u>(30,850,728)</u>
Net Investment in Capital Assets	<u><u>\$ 11,974,949</u></u>



VINCENT D. CULLEN, CPA  
(1950 - 2013)

JAMES E. DANOWSKI, CPA  
PETER F. RODRIGUEZ, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA

**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 funds of the West Hempstead Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2020.

**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) to determine 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 may exist that have not been identified.

## **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 determination of financial statement amounts. 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 November 6, 2020.

## **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*

November 6, 2020

