



**WEST HEMPSTEAD PUBLIC SCHOOLS**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS

June 30, 2022

**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 Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the West Hempstead Union Free School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the West Hempstead Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

As described in Note 2 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on pages 62 through 64 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. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the West Hempstead Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Hempstead Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Hempstead Union Free School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

November 15, 2022

**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, 2022 in comparison with the year ended June 30, 2021, 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 2022 are as follows:

- The District's total net position was a deficit of \$125,964,956 in the district-wide financial statements at June 30, 2022, compared to a deficit of \$123,078,310 at June 30, 2021. The deficit increased by \$2,886,646 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 \$71,775,613. Of this amount, \$5,615,155 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$63,273,812 amount to 91.9% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements was \$16,080,886 at June 30, 2022. This balance represents a \$1,735,737 decrease from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
  - Restricted fund balances decreased by \$1,246,314 due to the use of reserves, offset by interest earnings allocated to the reserves.
  - Assigned appropriated fund balance remained the same as last year, at \$2,425,000.
  - Unassigned fund balance decreased by \$510,247 to \$2,495,953.
- The District's 2021-2022 original property tax levy of \$47,807,538, approved by the voters on May 11, 2021, was a 2.11% increase over the 2020-2021 tax levy and was equal to the District's tax cap.
- On March 15, 2016, the District's voters approved a bond proposition of \$35,570,029 to fund needed district-wide capital improvements. As of June 30, 2022, the District has issued serial bonds and provided \$28,750,000 of permanent financing for the capital improvements project. The District also has \$6,000,000 of outstanding bond anticipation notes that provide cash flows and additional original financing for the projects. Work is continuing with total expenditures of \$33,465,044 (94% of the total budget) having been recorded in the capital projects fund.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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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. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

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

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

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Governmental Funds

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

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

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

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

Fiduciary Funds

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

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

**A. Net Position**

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record a capital asset of \$276,607, net of accumulated amortization of \$64,513, and the related lease liabilities of \$212,505, as well as leases receivable and deferred inflows of resources of \$974,897. The restatement resulted in a net increase of \$411 in total net position deficit.



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

The District's total net position decreased by \$2,886,646 between fiscal year 2022 and 2021. 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:

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
<b>Asset</b>				
Current and Other Assets	\$ 27,068,999	\$ 34,953,344	\$ (7,884,345)	(22.56)%
Capital Assets, Net	51,349,267	43,768,823	7,580,444	17.32 %
Net Pension Assets - Proportionate Share	24,554,258	-	24,554,258	N/A
Total Assets	102,972,524	78,722,167	24,250,357	30.80 %
<b>Deferred Outflows of Resources</b>	16,110,711	62,284,265	(46,173,554)	(74.13)%
<b>Liabilities</b>				
Current and Other Liabilities	12,565,314	10,368,580	2,196,734	21.19 %
Long-Term Liabilities	35,808,789	38,008,038	(2,199,249)	(5.79)%
Net Pension Liabilities - Proportionate Share	-	3,644,067	(3,644,067)	(100.00)%
Total OPEB Liability	148,085,370	204,449,791	(56,364,421)	(27.57)%
Total Liabilities	196,459,473	256,470,476	(60,011,003)	(23.40)%
<b>Deferred Inflows of Resources</b>	48,588,718	7,614,266	40,974,452	538.13 %
<b>Net Position (Deficit)</b>				
Net investment in capital assets	14,033,944	11,108,140	2,925,804	26.34 %
Restricted	11,003,601	12,249,915	(1,246,314)	(10.17)%
Unrestricted (Deficit)	(151,002,501)	(146,436,365)	(4,566,136)	(3.12)%
Total Net Position (Deficit)	\$ (125,964,956)	\$ (123,078,310)	\$ (2,886,646)	(2.35)%

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

This increase in capital assets, net is due to capital additions in excess of depreciation/amortization expense. The accompanying Notes to Financial Statements, Note 11 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from liabilities to assets. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State," provides additional information.

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

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

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The increase in current and other liabilities is mostly in connection with the increases in accounts payable and bond anticipation notes payable.

The decrease in long-term liabilities is the result of principal repayments of long-term debt.

Net pension liabilities – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension liabilities at the measurement date of the respective year. The decrease is due to the fluctuation from net pension liabilities in the prior year, to net pension assets in the current year. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State," provides additional information.

Total OPEB liability decreased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 17 "Postemployment Healthcare Benefits," provides additional information.

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

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

The restricted amount relates to the District's reserves, which decreased from the prior year mainly due to the budgeted use of reserves.

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

**B. Changes in Net Position**

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements 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, 2022 and 2021 is as follows:

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

	2022	2021	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 1,140,851	\$ 1,405,132	\$ (264,281)	(18.81)%
Operating Grants & Contributions	4,063,864	2,536,295	1,527,569	60.23 %
Capital Grants	410,440	-	410,440	N/A
General Revenues				
Property Taxes and STAR	47,851,447	46,886,807	964,640	2.06 %
State Sources	12,494,448	10,510,181	1,984,267	18.88 %
Other	2,927,917	2,927,473	444	0.02 %
Total Revenues	<u>68,888,967</u>	<u>64,265,888</u>	<u>4,623,079</u>	7.19 %
<b>Expenses</b>				
General Support	9,067,401	9,745,184	(677,783)	(6.96)%
Instruction	53,156,288	67,061,353	(13,905,065)	(20.73)%
Pupil Transportation	7,373,971	5,972,117	1,401,854	23.47 %
Community Services		5,700	(5,700)	(100.00)%
Debt Service - Interest	1,105,082	949,123	155,959	16.43 %
Food Service Program	1,072,871	884,385	188,486	21.31 %
Total Expenses	<u>71,775,613</u>	<u>84,617,862</u>	<u>(12,842,249)</u>	(15.18)%
Decrease in Net Position	<u>\$ (2,886,646)</u>	<u>\$ (20,351,974)</u>	<u>\$ 17,465,328</u>	85.82 %

The District's net position decreased by \$2,886,646 and \$20,351,974 for the years ended June 30, 2022 and 2021, respectively.

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

- Real property taxes and STAR were increased to fund increases in appropriations in the voter-approved 2021-2022 budget.
- The increase in state sources is mainly due to the District receiving more in general aid, offset by decreases in lottery aid excess cost aid.
- Operating grants increased as the District was awarded additional federal funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program.
- Capital grants increased, as a result of additional capital improvements funded by the Smart Schools Bond Act grant.
- Charges for services decreased mainly due to lower health services reimbursements received from other school districts for their children attending non-public schools within the District.

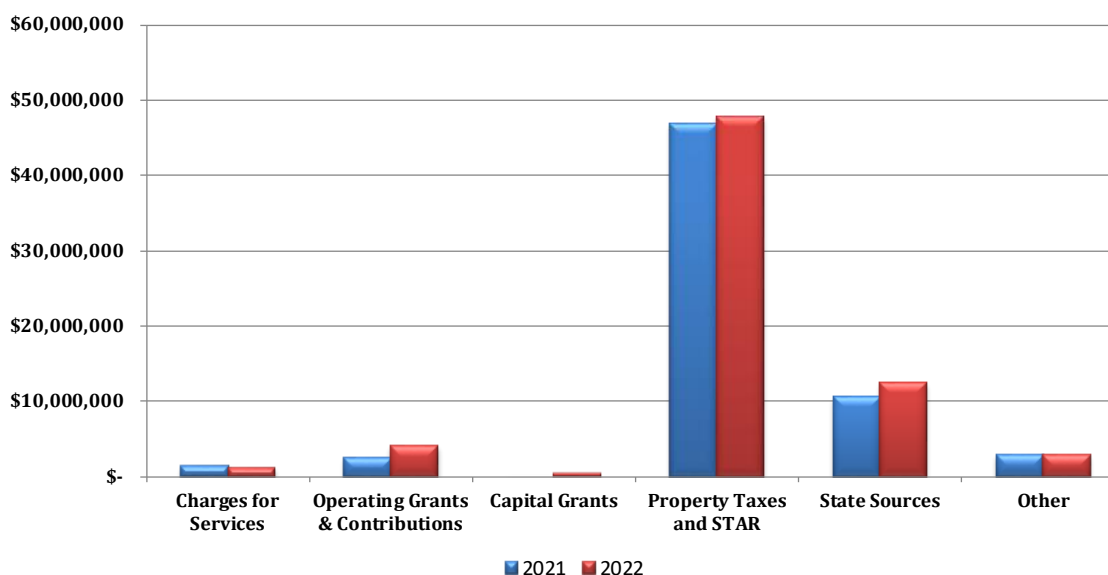
**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and other postemployment benefits costs.
- Pupil transportation expenses increased due to a rise in contract bus expenses.
- Debt service interest increased mainly due to additional bond interest expense for the serial bond issued in June 2021.
- The food service program increased due to increases in food costs.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 69.5% and 73.0% of the total for the years 2022 and 2021, respectively). Instruction expense is the largest category of expenses incurred (i.e., 74.1% and 79.3% of the total for the years 2022 and 2021, respectively).

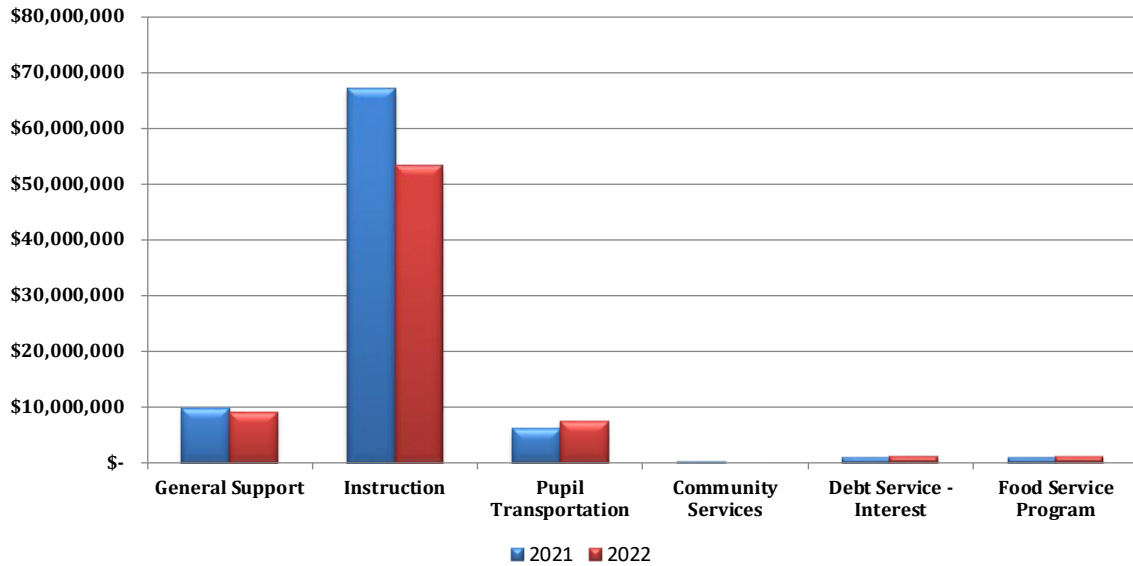
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2021</b>	2.2%	3.9%	0.0%	73.0%	16.4%	4.5%
<b>2022</b>	1.7%	5.9%	0.6%	69.5%	18.1%	4.2%

**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	Community Services	Debt Service - Interest	Food Service Program
2021	11.5%	79.3%	7.1%	0.0%	1.1%	1.0%
2022	12.6%	74.1%	10.3%	0.0%	1.5%	1.5%

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

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$13,521,223, a decrease of \$9,865,195 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:

	2022	2021	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Restricted				
Unemployment insurance	\$ 552,428	\$ 552,173	\$ 255	0.05 %
Retirement contribution				
Teachers' retirement system	617,587	617,303	284	0.05 %
Employees' retirement system	7,094,127	8,090,399	(996,272)	(12.31)%
Employee benefit accrued liability	2,739,459	2,990,040	(250,581)	(8.38)%
Assigned:				
Appropriated fund balance	2,425,000	2,425,000	-	0.00 %
Unappropriated fund balance	156,332	135,508	20,824	15.37 %
Unassigned: Fund balance	2,495,953	3,006,200	(510,247)	(16.97)%
	<u>16,080,886</u>	<u>17,816,623</u>	<u>(1,735,737)</u>	<u>(9.74)%</u>

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>School Food Service Fund</b>				
Nonspendable: Inventories	\$ 3,176	\$ 5,105	\$ (1,929)	(37.79)%
Assigned: Unappropriated fund balance	<u>113,704</u>	<u>59</u>	<u>113,645</u>	192618.64 %
	<u>116,880</u>	<u>5,164</u>	<u>111,716</u>	2163.36 %
<b>Debt Service Fund</b>				
Restricted: Debt	<u>637,956</u>	<u>637,956</u>	<u>-</u>	0.00 %
<b>Capital Projects Fund</b>				
Restricted: Unspent bond proceeds	-	1,868,121	(1,868,121)	(100.00)%
Assigned: Unappropriated fund balance	-	3,010,690	(3,010,690)	(100.00)%
Unassigned: Fund balance (deficit)	<u>(3,369,911)</u>	<u>-</u>	<u>(3,369,911)</u>	N/A
	<u>(3,369,911)</u>	<u>4,878,811</u>	<u>(8,248,722)</u>	(169.07)%
<b>Extraclassroom Activities Fund</b>				
Assigned: Unappropriated fund balance	<u>56,281</u>	<u>48,733</u>	<u>7,548</u>	15.49 %
<b>Scholarships Fund</b>				
Unassigned: Fund balance (deficit)	<u>(869)</u>	<u>(869)</u>	<u>-</u>	0.00 %
Total Fund Balance	<u>\$ 13,521,223</u>	<u>\$ 23,386,418</u>	<u>\$ (9,865,195)</u>	(42.18)%

**A. General Fund**

The net change in the general fund-fund balance is a decrease of \$1,735,737, compared to an increase of \$827,332 in the prior year. This resulted from expenditures and other financing uses in excess of revenues, reflecting the District's planned use of appropriated fund balance.

Revenues increased over the prior year by \$2,207,542, or 3.55%. The following is a summary of the major changes:

- Property taxes and STAR increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- State sources increased mainly due to higher general aid.
- Charges for services decreased in part due to lower health services reimbursements received from other school districts for their children attending non-public schools within the District.

Expenditures and other financing uses increased over the prior year by \$4,770,601, or 7.78%. The following is a summary of the major changes:

- Payroll costs increased primarily due to step and salary increases.
- Pupil transportation increased due to increases in bus contract costs.

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

- Employee benefits increased due to increases in health insurance premiums, and a higher pension contribution rate for the District's liabilities to the New York State Teachers' Retirement System.
- Debt service expenditures increased mainly due to debt service requirements for the serial bond issued in June 2021, offset by a decrease in short-term debt interest costs.

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

	Balance @ June 30, 2021	Use of Reserves	Interest	Funding	Balance @ June 30, 2022
Unemployment insurance	\$ 552,173	\$	\$ 255	\$	\$ 552,428
Retirement contribution					
TRS	617,303	(250,000)	284	250,000	617,587
ERS	8,090,399	(750,000)	3,728	(250,000)	7,094,127
EBALR	2,990,040	(251,958)	1,377		2,739,459
	<u>\$ 12,249,915</u>	<u>\$ (1,251,958)</u>	<u>\$ 5,644</u>	<u>\$ -</u>	<u>\$ 11,003,601</u>

As permitted by General Municipal Law, The Board of Education authorized a transfer of funds within the Retirement Contribution reserve - from the ERS reserve to the TRS sub-fund - in the amount of \$250,000.

**B. School Food Service Fund**

The school food service fund - fund balance net increase can be attributed to an increase in federal aid and reimbursements for student meals served. The District also met eligibility requirements to receive \$36,698 of supply chain and emergency operational cost assistance funds during the current year; the funds will be used for eligible expenditures in the 2022-2023 school year.

**C. Debt Service Fund**

The debt service fund - fund balance, which did not change from the prior year, represents bond proceeds and debt premium that will be used to offset future debt principal payments.

**D. Capital Projects Fund**

The capital projects fund - fund balance net decrease is the result of expenditures related to ongoing capital improvement projects, offset by an operating transfer in from the general fund and a capital grant from the Dormitory Authority of the State of New York.

**E. Extraclassroom Activities Fund**

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

**F. Scholarships Fund**

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

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

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**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2021-2022 Budget**

The District's general fund adopted budget for the year ended June 30, 2022 was \$68,905,000. This amount was increased by encumbrances carried forward from the prior year in the amount of \$135,508, for a total final budget of \$69,040,508.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$47,807,538 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 3,006,200
Revenues Under Budget	(844,360)
Expenditures and Encumbrances Under Budget	2,787,799
Allocation to Reserves	(5,644)
Unused Budgeted Reserves	(23,042)
Appropriated for the 2022-2023 Budget	<u>(2,425,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 2,495,953</u></u>

**Opening, Unassigned Fund Balance**

The \$3,006,200 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

**Revenues Under Budget**

The 2021-2022 final budget for revenues was \$65,205,000. Actual revenues recognized for the year were \$64,360,640. Actual total revenues were less than estimated or budgeted revenues by \$844,360, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund, provides additional information.



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

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Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other financing uses was \$69,040,508. Actual expenditures and other financing uses as of June 30, 2022, were \$66,096,377 and outstanding encumbrances were \$156,332. Combined, the expenditures and other financing uses plus encumbrances for 2021-2022 were \$66,252,709. The final budget variance was \$2,787,799, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance, unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Unused Budgeted Reserves

In the 2021-2022 budget, \$1,275,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated compensated absences expenditures, \$23,042 of this funding was not needed and, therefore, was returned to the employee benefit accrued liability reserve and is available for future use. The table in §4.A. of this Management's Discussion and Analysis details the budgeted reserves.

Appropriated Fund Balance

The District has chosen to use \$2,425,000 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 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, 2022 was \$2,495,953. This amount equals 3.51% of the 2022-2023 budget and is below the 4.00% statutory limit established by Real Property Tax Law §1318.

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

**A. Capital Assets, Net**

At June 30, 2022, 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 \$8,817,634 in excess of depreciation/amortization expense of \$1,237,190 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2022 and 2021 is as follows:

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

	2022	2021	Increase (Decrease)
Land	\$ 3,168,980	\$ 3,168,980	\$ -
Construction in progress	24,287,002	19,411,996	4,875,006
Buildings and improvements	19,840,780	17,235,094	2,605,686
Site improvements	3,438,423	3,325,746	112,677
Furniture and equipment	437,253	414,913	22,340
Leased equipment and fixtures	176,829	212,094	(35,265)
Capital assets, net	<u>\$ 51,349,267</u>	<u>\$ 43,768,823</u>	<u>\$ 7,580,444</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of leased equipment and fixtures, and related accumulated amortization.

**B. Debt Administration**

At June 30, 2022, the District had combined total debt of \$29,810,353. The decreases in outstanding debt represent principal payments made throughout the year, while the increases indicate new issuances. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

Issue/ Commencement Date	Interest Rate	2022	2021	Increase (Decrease)
<b>Bonds Payable</b>				
6/12/2014	2.0-4.0%	\$ 5,745,000	\$ 6,105,000	\$ (360,000)
6/13/2019	3.0-5.0%	12,305,000	13,060,000	(755,000)
6/10/2021	2.0-5.0%	10,645,000	11,190,000	(545,000)
		<u>\$ 28,695,000</u>	<u>\$ 30,355,000</u>	<u>\$ (1,660,000)</u>
<b>Installment Purchase Debt Payable</b>				
7/15/2020	5.63%	\$ 5,837	\$ 11,383	\$ (5,546)
<b>Energy Performance Contract Payable</b>				
12/23/2010	3.24%	\$ 929,912	\$ 1,144,303	\$ (214,391)
<b>Lease Liabilities</b>				
10/15/2019	3.00%	\$ 150,147	\$ 212,505	\$ (62,358)
7/22/2021	3.00%	29,457	-	29,457
		<u>\$ 179,604</u>	<u>\$ 212,505</u>	<u>\$ (32,901)</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities.

On March 15, 2016, the voters of the District authorized the District to issue serial bonds in the amount of \$35,570,029 for improvements to the District's facilities. As of June 30, 2022, long-term debt in the amount of \$28,325,000 has been issued to provide permanent funding for the project along with bond premium and District appropriations totaling \$3,075,000; \$6,820,029 in long-term debt remains authorized but unissued. The District has \$6,000,000 in short-term bond anticipation notes outstanding at June 30, 2022.

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

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

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences payable	\$ 3,208,510	\$ 3,266,729	\$ (58,219)
Net pension liabilities - proportionate share	-	3,644,067	(3,644,067)
Total OPEB liability	148,085,370	204,449,791	(56,364,421)
	<u>\$ 151,293,880</u>	<u>\$ 211,360,587</u>	<u>\$ (60,066,707)</u>

**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 21, 2022, for the year ending June 30, 2023, is \$71,135,474. This is an increase of \$2,230,474, or 3.24%, over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$1,388,361 increase over the prior year's estimate, which is primarily due to an estimated increase in state aid, and a budgeted use of \$50,000 from the Debt Service Fund in the revised, adopted budget in order to lower the tax levy. The assigned, appropriated fund balance applied to the budget in the amount of \$2,425,000 is the same as the previous year. Additionally, the District has elected to appropriate \$1,400,000 of restricted reserves towards next year's budget, which is an increase of \$125,000 over the previous year. A property tax levy of \$48,524,651, an increase of \$717,113 (1.50%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

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

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2022-2023 is 2.14%. The District's 2022-2023 property tax levy increase of 1.50%, which was passed during the revote of June 21, 2022, was less than the tax cap and did not require an override vote.

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

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**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, 2022

**ASSETS**

Cash	
Unrestricted	\$ 8,586,936
Restricted	12,926,513
Receivables	
Accounts receivable	230,138
Taxes receivable	1,365,696
Due from state and federal	2,899,183
Due from other governments	558,880
Inventories	3,176
Leases receivable	498,477
Capital assets:	
Not being depreciated/amortized	27,455,982
Being depreciated/amortized, net of accumulated depreciation/amortization	23,893,285
Net pension assets - proportionate share	<u>24,554,258</u>
 Total Assets	 <u>102,972,524</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	<u>16,110,711</u>
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**LIABILITIES**

Payables	
Accounts payable	2,013,281
Accrued liabilities	204,073
Due to other governments	817,844
Due to teachers' retirement system	2,607,056
Due to employees' retirement system	182,042
Other liabilities	296,663
Unearned credits - collections in advance	376,915
Notes payable - bond anticipation notes	6,067,440
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	1,963,192
Installment purchase debt payable	5,837
Energy performance contract payable	221,393
Lease liabilities	71,293
Compensated absences payable	230,000
Due and payable after one year	
Bonds payable, net	29,521,734
Energy performance contract payable	708,519
Lease liabilities	108,311
Compensated absences payable	2,978,510
Total other postemployment benefits liability	<u>148,085,370</u>
 Total Liabilities	 <u>196,459,473</u>

**DEFERRED INFLOWS OF RESOURCES**

Leases	498,477
Pensions	30,485,671
Other postemployment benefits	<u>17,604,570</u>
 Total Deferred Inflows of Resources	 <u>48,588,718</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>14,033,944</u>
 Restricted	
Unemployment insurance	552,428
Retirement contribution	
Teachers' retirement system	617,587
Employees' retirement system	7,094,127
Employee benefit accrued liability	<u>2,739,459</u>
	<u>11,003,601</u>
 Unrestricted (Deficit)	 <u>(151,002,501)</u>
 Total Net Position (Deficit)	 <u>\$ (125,964,956)</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense)
		Charges for	Operating Grants	Capital	Revenue and
	Expenses	Services	& Contributions	Grants	Changes in
					Net Position
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 9,067,401	\$	\$	\$	\$ (9,067,401)
Instruction	53,156,288	1,085,133	2,935,226	410,440	(48,725,489)
Pupil transportation	7,373,971				(7,373,971)
Debt service - interest	1,105,082				(1,105,082)
Food service program	1,072,871	55,718	1,128,638		111,485
Total Functions and Programs	<u>\$ 71,775,613</u>	<u>\$ 1,140,851</u>	<u>\$ 4,063,864</u>	<u>\$ 410,440</u>	<u>(66,160,458)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					43,532,301
Other tax items					5,621,130
Use of money and property					661,109
Sale of property and compensation for loss					111
Miscellaneous					252,677
Intergovernmental revenue					591,706
State sources					12,494,448
Medicaid reimbursement					120,330
Total General Revenues					<u>63,273,812</u>
Change in Net Position					(2,886,646)
Total Net Position (Deficit) - Beginning of Year, as Restated					<u>(123,078,310)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (125,964,956)</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
<b>ASSETS</b>								
Cash								
Unrestricted	\$ 7,142,453	\$ 55,922	\$ 130,279	\$	\$ 1,202,001	\$ 56,281	\$	\$ 8,586,936
Restricted	11,641,557				1,284,956			12,926,513
Receivables								
Accounts receivable	230,069		69					230,138
Taxes receivable	1,365,696							1,365,696
Due from other funds	699,870			637,956	942,984			2,280,810
Due from state and federal	1,135,028	988,657	205,046		570,452			2,899,183
Due from other governments	558,880							558,880
Inventories			3,176					3,176
Lease receivable	498,477							498,477
Total Assets	<u>\$ 23,272,030</u>	<u>\$ 1,044,579</u>	<u>\$ 338,570</u>	<u>\$ 637,956</u>	<u>\$ 4,000,393</u>	<u>\$ 56,281</u>	<u>\$ -</u>	<u>\$ 29,349,809</u>
<b>LIABILITIES</b>								
Payables								
Accounts payable	\$ 940,602	\$ 137,257	\$ 53,010	\$	\$ 882,412	\$	\$	\$ 2,013,281
Accrued liabilities	44,416		72					44,488
Due to other funds	1,580,940	581,843	117,158				869	2,280,810
Due to other governments	817,830		14					817,844
Due to teachers' retirement system	2,607,056							2,607,056
Due to employees' retirement system	182,042							182,042
Other liabilities	296,663							296,663
Unearned credits - collections in advance		325,479	51,436					376,915
Notes payable								
Bond anticipation notes					6,067,440			6,067,440
Total Liabilities	<u>6,469,549</u>	<u>1,044,579</u>	<u>221,690</u>	<u>-</u>	<u>6,949,852</u>	<u>-</u>	<u>869</u>	<u>14,686,539</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Leases	498,477							498,477
Unavailable revenue	223,118				420,452			643,570
Total Deferred Inflows of Resources	<u>721,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,452</u>	<u>-</u>	<u>-</u>	<u>1,142,047</u>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable: Inventories			3,176					3,176
Restricted:								
Unemployment insurance	552,428							552,428
Retirement contribution								
Teachers' retirement system	617,587							617,587
Employees' retirement system	7,094,127							7,094,127
Employee benefit accrued liability	2,739,459							2,739,459
Debt				637,956				637,956
Assigned:								
Appropriated fund balance	2,425,000							2,425,000
Unappropriated fund balance	156,332		113,704			56,281		326,317
Unassigned: Fund balance (deficit)	<u>2,495,953</u>				<u>(3,369,911)</u>		<u>(869)</u>	<u>(874,827)</u>
Total Fund Balances (Deficit)	<u>16,080,886</u>	<u>-</u>	<u>116,880</u>	<u>637,956</u>	<u>(3,369,911)</u>	<u>56,281</u>	<u>(869)</u>	<u>13,521,223</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,272,030</u>	<u>\$ 1,044,579</u>	<u>\$ 338,570</u>	<u>\$ 637,956</u>	<u>\$ 4,000,393</u>	<u>\$ 56,281</u>	<u>\$ -</u>	<u>\$ 29,349,809</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2022

Total Governmental Funds Balance	\$	13,521,223
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 69,494,391		
Less: Accumulated depreciation/amortization	<u>(18,145,124)</u>		
			51,349,267

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

Net pension asset - teachers' retirement system	23,272,862		
Net pension asset - employees' retirement system	1,281,396		
Deferred outflows of resources	16,110,711		
Deferred inflows of resources	<u>(30,485,671)</u>		
			10,179,298

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

Total other postemployment benefits liability	(148,085,370)		
Deferred inflows of resources	<u>(17,604,570)</u>		
			(165,689,940)

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.

643,570

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:

Accrued interest on bonds payable	(159,585)		
Bonds payable, net	(31,484,926)		
Installment purchase debt payable	(5,837)		
Energy performance contract payable	(929,912)		
Lease liabilities	(179,604)		
Compensated absences payable	<u>(3,208,510)</u>		
			<u>(35,968,374)</u>

Total Net Position (Deficit)	\$	<u><u>(125,964,956)</u></u>
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**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
<b>REVENUES</b>								
Real property taxes	\$ 43,532,301	\$	\$	\$	\$	\$	\$	\$ 43,532,301
Other tax items	5,621,130							5,621,130
Charges for services	929,798							929,798
Use of money and property	663,641							663,641
Sale of property and compensation for loss	111							111
Miscellaneous	310,225	3,610				54,891		368,726
Intergovernmental revenue	591,706							591,706
State sources	12,494,448	437,618	19,256		150,000			13,101,322
Medicaid reimbursement	120,330							120,330
Federal sources	96,950	2,397,048	1,109,382					3,603,380
Sales			55,718					55,718
Total Revenues	64,360,640	2,838,276	1,184,356	-	150,000	54,891	-	68,588,163
<b>EXPENDITURES</b>								
General support	6,521,306	167,691						6,688,997
Instruction	33,795,582	2,652,111				47,343		36,495,036
Pupil transportation	7,170,514	164,075						7,334,589
Employee benefits	15,136,472							15,136,472
Debt service								
Principal	1,949,397							1,949,397
Interest	1,292,274							1,292,274
Food service program			1,072,871					1,072,871
Capital outlay					8,520,281			8,520,281
Total Expenditures	65,865,545	2,983,877	1,072,871	-	8,520,281	47,343	-	78,489,917
Excess (Deficiency) of Revenues Over Expenditures	(1,504,905)	(145,601)	111,485	-	(8,370,281)	7,548	-	(9,901,754)
<b>OTHER FINANCING SOURCES AND (USES)</b>								
Proceeds of debt					36,559			36,559
Operating transfers in		145,601	231		85,000			230,832
Operating transfers (out)	(230,832)							(230,832)
Total Other Financing Sources and (Uses)	(230,832)	145,601	231	-	121,559	-	-	36,559
Net Change in Fund Balances	(1,735,737)	-	111,716	-	(8,248,722)	7,548	-	(9,865,195)
Fund Balances (Deficit) - Beginning of Year	17,816,623		5,164	637,956	4,878,811	48,733	(869)	23,386,418
End of Year	\$ 16,080,886	\$ -	\$ 116,880	\$ 637,956	\$ (3,369,911)	\$ 56,281	\$ (869)	\$ 13,521,223

**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, 2022

Net Change in Fund Balances \$ (9,865,195)

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

Long-Term Revenue and Expense Differences

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

\$ 301,537

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in net position.

Decrease in compensated absences

58,219

359,756

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/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions  
Depreciation/amortization expense

8,817,634

(1,237,190)

7,580,444

Long-Term Debt Transactions Differences

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

(36,559)

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

228,192

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 installment purchase debt  
Repayment of energy performance contract  
Repayment of lease liabilities

1,660,000

5,546

214,391

69,460

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, 2021 to June 30, 2022.

(41,000)

2,100,030

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

628,735

3,533,578

(7,223,994)

(3,061,681)

Change in Net Position (Deficit) of Governmental Activities

\$ (2,886,646)

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2022

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

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2022

	<u>Custodial</u>
<b>ADDITIONS</b>	
Real property taxes and PILOT collected for the Library	\$ 4,186,970
<b>DEDUCTIONS</b>	
Disbursements of real property taxes and PILOT to the Library	<u>4,186,970</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

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

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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 (Board) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

**B. Joint Venture**

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. 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 and contributions include operating-specific discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

***Special Aid Fund*** – is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

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

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

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

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

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

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

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

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

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

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

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

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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**  
(Continued)

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

Calendar

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

Enforcement

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

School Tax Relief (STAR) Aid

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

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

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,163,951 in LIPA PILOT revenue during the 2021-2022 fiscal year.

**G. Restricted Resources**

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

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

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**H. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, 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. Leases Receivable**

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



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

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**M. Inventories**

Inventory of food in the school food service fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. These inventories are accounted for on the consumption method. Under the consumption method, a current asset for inventories is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

**N. Capital Assets**

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

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

	<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
Leased equipment and fixtures	N/A	Lease Term

**O. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net 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 one item that qualifies for reporting in this category, which 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.

**P. Short-Term Debt**

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

**Q. Collections in Advance**

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

**R. Employee Benefits – Compensated Absences**

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

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**T. Deferred Inflows of Resources**

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

**U. Long-Term Debt**

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

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

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

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

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**V. Equity Classifications**

District-Wide Statements

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

*Net investment in capital assets* – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the 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, which are recorded in the school food service fund.

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

*Unemployment Insurance Reserve*

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

*Retirement Contribution Reserve*

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

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

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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*

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 – Unspent Bond Proceeds*

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

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board 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.

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

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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. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

**3. 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 statements issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

<b>Effective for the Year Ending</b>	<b>Statement</b>
June 30, 2023	GASB No. 96 - <i>Subscription Based Information Technology Arrangements</i>

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

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

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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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/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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 health insurance 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.

**5. 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.

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

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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. There were no supplemental appropriations 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.

**C. Capital Projects Fund Deficit**

The capital projects fund has an unassigned fund balance deficit of \$3,369,911. This will be funded when the District obtains permanent financing for its current construction projects.

**D. Scholarships Fund Deficit**

The scholarships fund had a deficit net position of \$869 at June 30, 2022. This deficit will be eliminated with future contributions from donors.

**6. 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:



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

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2022, the District was billed \$5,550,323 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$635,475. 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.

**8. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2022 consisted of:

General Fund

Federal - ESSER aid	\$ 9,574
Federal - GEER aid	12,860
New York State - general aid	605,171
New York State - excess cost aid	221,161
BOCES aid	286,262
	<u>1,135,028</u>

Special Aid Fund

Federal and state grants	988,657
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School Food Service Fund

Federal and state food service program reimbursements	205,046
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Capital Projects Fund

New York State Smart Schools Bond Act aid	570,452
	<u>\$ 2,899,183</u>

District management expects these amounts to be fully collectible.

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

**9. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2022 consisted of:

General Fund	
PILOT receivable	\$ 167,370
Other school districts - charges for services	<u>391,510</u>
	<u>\$ 558,880</u>

District management expects these amounts to be fully collectible.

**10. LEASES RECEIVABLE**

The District entered into an amended agreement to lease building space to a third party. The original agreement commenced on July 1, 2013. Under the amendment, which expires on June 30, 2023, the District receives \$41,390 of monthly installments for July 2021 to June 2022, and \$42,218 for July 2022 to June 2023. The tenant is responsible for reimbursing the District for all utilities. As of July 1, 2021, the implementation date of GASB Statement No. 87, the present value of the lease receivable and the corresponding deferred inflows of resources, measured using an implicit interest rate of 3.00%, were \$974,897. During the year ended June 30, 2022, the District recognized lease revenue and lease interest in the amounts of \$476,420 and \$20,260, respectively.

The following is the amortization schedule for the lease receivable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 498,477</u>	<u>\$ 8,137</u>	<u>\$ 506,614</u>

The following is the amortization schedule for the deferred inflows of resources:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	<u>\$ 498,477</u>

**11. CAPITAL ASSETS**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in capital assets, net. As a result, capital assets at June 30, 2021, were increased \$276,607, and accumulated amortization was increased \$64,513; capital assets, net was increased \$212,094. Capital assets balances and activities for the year ended June 30, 2022 were as follows:

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 3,168,980	\$	\$	\$ 3,168,980
Construction in progress	19,411,996	8,282,483	(3,407,477)	24,287,002
Total capital assets not being depreciated/amortized	22,580,976	8,282,483	(3,407,477)	27,455,982
Capital assets being depreciated/amortized:				
Buildings and improvements	32,024,913	3,436,124		35,461,037
Site improvements	4,710,712	381,426	(64,913)	5,027,225
Furniture and equipment	2,006,851	88,519	(858,389)	1,236,981
Leased equipment and fixtures	276,607	36,559		313,166
Total capital assets being depreciated/amortized	39,019,083	3,942,628	(923,302)	42,038,409
Less accumulated depreciation/amortization for:				
Buildings and improvements	14,789,819	830,438		15,620,257
Site improvements	1,384,966	268,749	(64,913)	1,588,802
Furniture and equipment	1,591,938	66,179	(858,389)	799,728
Leased equipment and fixtures	64,513	71,824		136,337
Total accumulated depreciation/amortization	17,831,236	1,237,190	(923,302)	18,145,124
Total capital assets being depreciated/amortized, net	21,187,847	2,705,438	-	23,893,285
Capital assets, net	<u>\$ 43,768,823</u>	<u>\$ 10,987,921</u>	<u>\$ (3,407,477)</u>	<u>\$ 51,349,267</u>

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

General support	\$ 314,621
Instruction	922,569
Total depreciation/amortization expense	<u>\$ 1,237,190</u>

**B. Lease Liabilities**

The District has entered into two lease arrangements that are subject to GASB Statement No. 87. The terms of these leases are for five years with an estimated discount rate of 3.00%. These leases are included in leased equipment and fixtures as shown in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

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

**C. Impairment Losses**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2022, the District has not recorded any such impairment losses.

**12. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2022 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 699,870	\$ 1,580,940	\$	\$ 230,832
Special Aid Fund		581,843	145,601	
School Food Service Fund		117,158	231	
Debt Service Fund	637,956			
Capital Projects Fund	942,984		85,000	
Scholarships Fund		869		
	<u>\$ 2,280,810</u>	<u>\$ 2,280,810</u>	<u>\$ 230,832</u>	<u>\$ 230,832</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 for capital improvement projects. The transfer to the school food service fund was to cover the uncollected student balances in accordance with New York State law.

**13. SHORT-TERM DEBT**

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

	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
BAN	6/10/2022	1.25%	\$ 5,500,000	\$	\$ (5,500,000)	\$ -
TAN	6/24/2022	1.00%	-	3,400,000	(3,400,000)	-
BAN	6/8/2023	3.25%	-	6,000,000		6,000,000
			5,500,000	9,400,000	(8,900,000)	6,000,000
Add: Premium on BAN			-	67,440		67,440
			<u>\$ 5,500,000</u>	<u>\$ 9,467,440</u>	<u>\$ (8,900,000)</u>	<u>\$ 6,067,440</u>

The TAN was issued to provide cash flow for the District until the real property taxes are received from the Town. The BAN was issued to provide cash flows for the District's capital projects.

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

Interest on short-term debt for the year was \$91,039. The District received issuance premiums of \$15,674 and \$56,331 for the TAN and BAN, respectively, which resulted in effective interest rates of 0.2968% and 0.2258% on the TAN and BAN, respectively. The District also received \$67,440 of issuance premium on the June 9, 2022 BAN, which will result in an effective interest rate of 2.126%. The premium will be used to defray the interest cost upon the BAN's maturity on June 8, 2023.

**14. LONG-TERM LIABILITIES**

**A. Changes**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of lease liabilities. Long-term liability balances and activity, excluding pensions and other postemployment benefits liabilities, for the year are summarized below:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 30,355,000	\$	\$ (1,660,000)	\$ 28,695,000	\$ 1,735,000
Add: Premium on obligation	3,018,118		(228,192)	2,789,926	228,192
Installment purchase debt	11,383		(5,546)	5,837	5,837
Energy performance contract	1,144,303		(214,391)	929,912	221,393
Lease liabilities	212,505	36,559	(69,460)	179,604	71,293
	34,741,309	36,559	(2,177,589)	32,600,279	2,261,715
<u>Other long-term liabilities:</u>					
Compensated absences	3,266,729		(58,219)	3,208,510	230,000
	<u>\$ 38,008,038</u>	<u>\$ 36,559</u>	<u>\$ (2,235,808)</u>	<u>\$ 35,808,789</u>	<u>\$ 2,491,715</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Library bond - refunding	6/12/2014	3/1/2034	2.0-4.0%	\$ 5,745,000
Capital improvements	6/13/2019	6/1/2034	3.0-5.0%	12,305,000
Capital improvements	6/10/2021	6/1/2036	2.0-5.0%	10,645,000
				<u>\$ 28,695,000</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 2021-2022 the District received \$591,706 from the Library, which is recorded as intergovernmental revenue.

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

The following is a summary of debt service requirements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,735,000	\$ 1,089,906	\$ 2,824,906
2024	1,820,000	1,006,906	2,826,906
2025	1,905,000	919,856	2,824,856
2026	2,005,000	828,706	2,833,706
2027	2,100,000	732,756	2,832,756
2028 - 2032	11,915,000	2,265,669	14,180,669
2033 - 2036	<u>7,215,000</u>	<u>370,288</u>	<u>7,585,288</u>
Total	<u>\$ 28,695,000</u>	<u>\$ 7,214,087</u>	<u>\$ 35,909,087</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:

<u>Year Ending June 30,</u>	<u>Bond Premium</u>
2023	\$ 228,192
2024	228,192
2025	228,192
2026	228,192
2027	228,192
2028 - 2032	1,140,958
2033 - 2036	<u>508,008</u>
Total	<u>\$ 2,789,926</u>

**C. Installment Purchase Debt**

Installment purchase debt is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2022</u>
Work truck lease	7/15/2020	7/20/2022	5.63%	<u>\$ 5,837</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 5,837</u>	<u>\$ 306</u>	<u>\$ 6,143</u>

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

**D. Energy Performance Contract**

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Energy performance contract	12/23/2010	6/23/2026	3.24%	<u>\$ 929,912</u>

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

Year Ending June 30,	Principal	Interest	Total
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>\$ 929,912</u>	<u>\$ 69,061</u>	<u>\$ 998,973</u>

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

**E. Lease Liabilities**

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Photocopiers	10/15/2019	10/15/2024	3.00%	\$ 150,147
Postage machines	7/22/2021	6/30/2026	3.00%	<u>29,457</u>
				<u>\$ 179,604</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 71,293	\$ 4,433	\$ 75,726
2024	73,456	2,270	75,726
2025	27,157	485	27,642
2026	<u>7,698</u>	<u>145</u>	<u>7,843</u>
Total	<u>\$ 179,604</u>	<u>\$ 7,333</u>	<u>\$ 186,937</u>

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

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There were no additional lease commitments entered into by the District after June 30, 2022.

**F. Interest Expense**

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

Interest paid	\$ 1,201,235
Less interest accrued in the prior year	(118,585)
Plus interest accrued in the current year	159,585
Less amortization of bond premium	<u>(228,192)</u>
 Total interest expense on long-term debt	 <u><u>\$ 1,014,043</u></u>

**G. Unissued Debt**

On March 15, 2016, the District's voters approved a bond proposition not to exceed \$35,570,029 to fund needed district-wide capital improvements. As of June 30, 2022, the District has recognized \$28,750,000 of permanent financing, of which \$25,675,000 was from the issuance of serial bonds, \$2,650,000 was from issuance premiums, and \$425,000 was from general fund appropriations. The balance of authorized but unissued long-term debt is \$6,820,029. At June 30, 2022, the District has outstanding short-term bond anticipation notes payable of \$6,000,000.

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

**A. General Information**

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

**B. Provisions and Administration**

Teachers' Retirement System

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

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.



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer 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 employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 14.30% of covered payroll for the ERS' fiscal year ended March 31, 2022.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022, was \$2,310,155 for TRS at the contribution rate of 9.80% and \$808,715 for ERS at an average contribution rate of 13.80%.

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

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2021, for TRS and March 31, 2022 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.

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

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension asset	\$ 23,272,862	\$ 1,281,396
District's portion of the Plan's total net pension asset	0.134300%	0.0156754%
Change in proportion since the prior measurement date	0.002993	(0.0000939)

For the year ended June 30, 2022, the District recognized pension expense credit of \$1,222,186 for TRS and pension expense of \$142,392 for ERS. At June 30, 2022, 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	\$ 3,207,917	\$ 97,042	\$ 120,912	\$ 125,869
Changes of assumptions	7,654,931	2,138,506	1,355,576	36,085
Net difference between projected and actual earnings on pension plan investments			24,357,458	4,196,035
Changes in proportion and differences between the District's contributions and proportionate share of contributions	303,322	216,796	261,736	32,000
District contributions subsequent to the measurement date	2,310,155	182,042		
Total	<u>\$ 13,476,325</u>	<u>\$ 2,634,386</u>	<u>\$ 26,095,682</u>	<u>\$ 4,389,989</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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
2023	\$ (2,892,206)	\$ (259,139)
2024	(3,460,267)	(418,077)
2025	(4,490,368)	(1,050,169)
2026	(5,912,823)	(210,260)
2027	1,065,597	
Thereafter	760,555	
	<u>\$ (14,929,512)</u>	<u>\$ (1,937,645)</u>

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

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Inflation	2.40%	2.70%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Inflation rate	1.30%	1.40%

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

For TRS, the June 30, 2021 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The June 30, 2020 demographic actuarial assumptions and the salary scale 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, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

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

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

	TRS		ERS	
	Target	Long-term	Target	Long-term
	Allocation	Expected Real	Allocation	Expected Real
		Rate of Return		Rate of Return
Measurement date		June 30, 2021		March 31, 2022
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Real estate equity	11.0%	6.50%	9.0%	5.00%
Private equities	8.0%	10.00%	10.0%	6.50%
Alternative investments			10.0%	3.78-5.80%
Domestic fixed income	16.0%	1.30%		
Global bonds	2.0%	0.80%		
High-yield bonds	1.0%	3.80%		
Fixed income			23.0%	0.00%
Private debt	1.0%	5.90%		
Real estate debt	7.0%	3.30%		
Cash equivalents	1.0%	(0.20)%		
Cash			1.0%	(1.00)%
	100.0%		100.0%	

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TR			
District's proportionate share of the net pension asset (liability)	\$ 2,442,148	\$ 23,272,862	\$ 40,779,567
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ER			
District's proportionate share of the net pension asset (liability)	\$ (3,298,299)	\$ 1,281,396	\$ 5,112,090

**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:

	TR	ER
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2021	March 31, 2022
Employers' total pension liability	\$ (130,819,415)	\$ (223,874,888)
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension asset	\$ 17,329,042	\$ 8,174,585
Ratio of plan fiduciary net position to the employers' total pension liability	113.25%	103.65%

**Payables to the Pension Plan**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, 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, 2022 amounted to \$2,310,155 of employer contributions and \$296,901 of employee contributions.

For ER, 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, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ER covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$182,042 of employer contributions. Employee contributions are remitted monthly.

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

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**16. 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, 2022, totaled \$162,794 and \$1,581,995, respectively.

**17. 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.

*Employees Covered by Benefit Terms* – As of the actuarial valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	264
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>316</u>
	<u>580</u>

**B. Total OPEB Liability**

The District's total OPEB liability of \$148,085,370 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020, updated 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	3.77%
Healthcare cost trend rates	7% decreasing to an ultimate rate of 4.50% by 2032
Retirees' share of benefit-related costs	10-20% of projected health insurance premiums for retirees

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

The discount rate was based on an average of three 20-year bond indices (Bond Buyer-20 Bond GO of 3.54%, S&P Municipal Bond 20 Year High Grade Rate Index of 4.09%, and Fidelity GO AA 20 years of 3.69%) as of June 30, 2022.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using a more current Society of Actuaries Mortality Improvement Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation update were based on the results of an actuarial experience study for the period of April 1, 2020 – March 31, 2021.

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

Balance at June 30, 2021	<u>\$ 204,449,791</u>
Changes for the year	
Service cost	2,906,950
Interest on total OPEB liability	7,631,940
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(62,881,178)
Benefit payments	<u>(4,022,133)</u>
	<u>(56,364,421)</u>
Balance at June 30, 2022	<u><u>\$ 148,085,370</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.09% in 2021 to 3.77% in 2022.

*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 (2.77%) or 1 percentage point higher (4.77%) than the current discount rate:

OPEB	1% Decrease 2.77%	Discount Rate 3.77%	1% Increase 4.77%
Total OPEB liability	<u>\$ (180,942,682)</u>	<u>\$ (148,085,370)</u>	<u>\$ (123,443,758)</u>

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

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current healthcare cost trend rate:

	1% Decrease 6.00% decreasing to 3.50%	Healthcare Cost Trend Rates 7.00% decreasing to 4.50%	1% Increase 8.00% decreasing to 5.50%
OPEB			
Total OPEB liability	<u>\$ (120,208,000)</u>	<u>\$ (148,085,370)</u>	<u>\$ (185,855,410)</u>

**D. OPEB Expense**

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

	Deferred Inflows of Resources
Differences between expected and actual experience	\$
Changes of assumptions or other inputs	<u>17,604,570</u>
Total	<u>\$ 17,604,570</u>

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

Year Ending June 30,	Amount
2023	\$ 707,237
2024	707,237
2025	707,239
2026	(3,865,341)
2027	(6,877,914)
Thereafter	<u>(8,983,028)</u>
	<u>\$ (17,604,570)</u>

**18. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2022, consists of that portion of the amounts due from other school districts for tuition and health services charges, and accounts receivable from other organizations for the use of District property that are unavailable. Unavailable revenues in the general fund at June 30, 2022, total \$223,118. Deferred inflows of resources in the general fund also includes an amount corresponding to the long-term lease receivable in the amount of \$498,477.



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

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Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2022, 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, 2022, total \$420,452.

**19. 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.

**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, 2021 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 \$140,527,248. The Plan had assets of \$207,316,664 at June 30, 2021 to pay these liabilities.

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

The District expects to appropriate the following amounts from the general fund's reserves, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023:

Retirement contributions -	
Teachers' Retirement System	\$ 250,000
Employees' Retirement System	875,000
Employee benefit accrued liability	<u>275,000</u>
	<u>\$ 1,400,000</u>

**21. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$2,425,000 has been appropriated to help fund the general fund budget for the year ending June 30, 2023.

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

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**22. 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 \$796,135. The District received payment in lieu of taxes (PILOT) payments totaling \$309,522.

**23. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

Encumbrances are classified as either restricted or assigned fund balance. At June 30, 2022, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund

General support

Instruction

\$ 59,264

97,068

\$ 156,332

In addition, the District has encumbered \$1,140,044 in the capital projects fund for capital improvements-related purchases.

**B. Grants**

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, would be immaterial.

**C. Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. The District's management believes that the outcome of any matters will not have a material effect on these financial statements.

**24. 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.

**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, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 43,200,544	\$ 43,488,392	\$ 43,532,301	\$ 43,909
Other tax items	6,005,550	5,717,702	5,621,130	(96,572)
Charges for services	490,000	490,000	929,798	439,798
Use of money and property	655,700	655,700	663,641	7,941
Sale of property and compensation for loss			111	111
Miscellaneous	425,000	425,000	310,225	(114,775)
Intergovernmental revenue	591,706	591,706	591,706	-
Total Local Sources	51,368,500	51,368,500	51,648,912	280,412
State Sources	13,786,500	13,786,500	12,494,448	(1,292,052)
Medicaid Reimbursement	50,000	50,000	120,330	70,330
Federal Sources			96,950	96,950
Total Revenues	65,205,000	65,205,000	64,360,640	\$ (844,360)
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	2,425,000	2,425,000		
Prior Year's Encumbrances	135,508	135,508		
Appropriated Reserves	1,275,000	1,275,000		
Total Appropriated Fund Balance	3,835,508	3,835,508		
Total Revenues and Appropriated Fund Balance	\$ 69,040,508	\$ 69,040,508		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 82,800	\$ 91,400	\$ 80,583	\$	\$ 10,817
Central administration	345,132	355,460	344,461		10,999
Finance	908,816	917,137	816,015	51,749	49,373
Staff	357,860	391,367	348,048	800	42,519
Central services	4,521,956	4,567,609	4,108,639	6,715	452,255
Special items	579,290	834,290	823,560		10,730
Total General Support	6,795,854	7,157,263	6,521,306	59,264	576,693
Instruction					
Administration & improvement	2,893,683	2,802,480	2,584,098		218,382
Teaching - regular schools	15,832,041	15,641,346	15,231,916	1,000	408,430
Programs for students with disabilities	11,591,114	11,013,692	10,585,576		428,116
Occupational education	415,415	341,915	338,150		3,765
Teaching - special school	19,200	19,200	10,200		9,000
Instructional media	1,325,161	1,348,491	962,517	67,610	318,364
Pupil services	4,290,772	4,305,368	4,083,125	28,458	193,785
Total Instruction	36,367,386	35,472,492	33,795,582	97,068	1,579,842
Pupil Transportation	6,762,696	7,237,696	7,170,514		67,182
Employee Benefits	15,670,828	15,678,587	15,136,472		542,115
Debt Service					
Principal	2,084,937	1,949,397	1,949,397		-
Interest	1,113,807	1,296,948	1,292,274		4,674
Total Debt Service	3,198,744	3,246,345	3,241,671	-	4,674
Total Expenditures	68,795,508	68,792,383	65,865,545	156,332	2,770,506
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	245,000	248,125	230,832	-	17,293
Total Expenditures and Other Uses	\$ 69,040,508	\$ 69,040,508	66,096,377	\$ 156,332	\$ 2,787,799
Net Change in Fund Balance			(1,735,737)		
Fund Balance - Beginning of Year			17,816,623		
Fund Balance - End of Year			\$ 16,080,886		

**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 Eight Fiscal Years

	<b><i>Teachers' Retirement System</i></b>							
	<u>2022</u>	<u>2021</u>	<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)	0.134300%	0.131307%	0.128699%	0.127947%	0.127060%	0.138301%	0.143912%	0.144341%
District's proportionate share of the net pension asset/(liability)	\$ 23,272,862	\$ (3,628,365)	\$ 3,343,597	\$ 2,313,620	\$ 965,780	\$ (1,481,265)	\$ 14,947,846	\$ 16,078,682
District's covered payroll	\$ 22,874,675	\$ 22,416,883	\$ 21,588,485	\$ 21,161,915	\$ 20,722,275	\$ 21,472,733	\$ 21,765,279	\$ 21,556,444
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	101.74 %	16.19 %	15.49 %	10.93 %	4.66 %	6.90 %	68.68 %	74.59 %
Plan fiduciary net position as a percentage of the total pension liability	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	<b><i>Employees' Retirement System</i></b>							
	<u>2022</u>	<u>2021</u>	<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)	0.0156754%	0.0157693%	0.0158591%	0.0161385%	0.0172238%	0.0169148%	0.0168866%	0.0168889%
District's proportionate share of the net pension asset/(liability)	\$ 1,281,396	\$ (15,702)	\$ (4,199,580)	\$ (1,143,462)	\$ (555,888)	\$ (1,589,348)	\$ (2,710,351)	\$ (570,550)
District's covered payroll	\$ 5,664,038	\$ 5,227,014	\$ 5,480,841	\$ 4,945,819	\$ 5,075,903	\$ 5,083,943	\$ 5,005,021	\$ 4,756,245
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	22.62 %	0.30 %	76.62 %	23.12 %	10.95 %	31.26 %	54.15 %	12.00 %
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

***Teachers' Retirement System***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,310,155	\$ 2,172,318	\$ 1,974,623	\$ 2,281,331	\$ 2,041,324	\$ 2,359,797	\$ 2,829,854	\$ 3,798,537	\$ 3,464,729	\$ 2,418,034
Contributions in relation to the contractually required contribution	<u>2,310,155</u>	<u>2,172,318</u>	<u>1,974,623</u>	<u>2,281,331</u>	<u>2,041,324</u>	<u>2,359,797</u>	<u>2,829,854</u>	<u>3,798,537</u>	<u>3,464,729</u>	<u>2,418,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 23,573,038	\$ 22,874,675	\$ 22,416,883	\$ 21,588,485	\$ 21,161,915	\$ 20,722,275	\$ 21,472,733	\$ 21,765,279	\$ 21,556,444	\$ 20,853,690
Contributions as a percentage of covered payroll	10%	9%	9%	11%	10%	11%	13%	17%	16%	12%

***Employees' Retirement System***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 808,715	\$ 777,772	\$ 705,107	\$ 737,422	\$ 740,176	\$ 749,858	\$ 762,481	\$ 924,899	\$ 912,940	\$ 827,792
Contributions in relation to the contractually required contribution	<u>808,715</u>	<u>777,772</u>	<u>705,107</u>	<u>737,422</u>	<u>740,176</u>	<u>749,858</u>	<u>762,481</u>	<u>924,899</u>	<u>912,940</u>	<u>827,792</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,860,693	\$ 5,306,971	\$ 5,481,719	\$ 4,996,718	\$ 5,006,630	\$ 5,128,759	\$ 4,954,115	\$ 4,918,071	\$ 4,798,120	\$ 4,705,923
Contributions as a percentage of covered payroll	14%	15%	13%	15%	15%	15%	15%	19%	19%	18%

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

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

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

**Note to Required Supplementary Information**

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

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2022

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 68,905,000
Additions:	
Prior year's encumbrances	<u>135,508</u>
Original Budget	69,040,508
Budget revisions	<u>-</u>
Final Budget	<u><u>\$ 69,040,508</u></u>

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

2022-2023 voter-approved expenditure budget	<u><u>\$ 71,135,474</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$ 2,845,419</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,581,332
Unassigned fund balance	<u>2,495,953</u>
	\$ 5,077,285
Less:	
Appropriated fund balance	2,425,000
Encumbrances	<u>156,332</u>
Total adjustments	<u>2,581,332</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 2,495,953</u></u>
Actual Percentage	3.51%



**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2022

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance
	June 30, 2021	June 30, 2022	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	June 30, 2022
2013/2014 General Fund Appropriations											
High School Roof Masonry Arch	\$ 30,000	\$ 30,000	\$ 22,047	\$ 7,953	\$ 30,000	\$ -	\$		\$ 30,000	\$ 30,000	\$ -
High School Roof Masonry Gen Con	370,000	370,000	313,000		313,000	57,000			370,000	370,000	57,000
2014/2015 General Fund Appropriations & EXCEL											
High School Roof Masonry Arch	35,160	35,160	24,166	(7,953)	16,213	18,947			35,160	35,160	18,947
High School Roof Masonry Gen Con & EXCEL	522,372	522,372	401,826		401,826	120,546		157,532	364,840	522,372	120,546
2015/2016 General Fund Appropriations											
George Washington Window Replacement	991,000	991,000	984,761	5,143	989,904	1,096			991,000	991,000	1,096
HS/MS Alarm System	265,000	265,000	248,766		248,766	16,234			265,000	265,000	16,234
Garage Replacement	130,000	130,000	132,354		132,354	(2,354)			130,000	130,000	(2,354)
2016/2017 General Fund Appropriations											
Cornwell Ave Elementary Cafeteria Renovations	266,000	266,000	39,144	334,586	373,730	(107,730)			266,000	266,000	(107,730)
George Washington Cafeteria Renovations	260,000	260,000	36,439	371,896	408,335	(148,335)			260,000	260,000	(148,335)
High School Auditorium Renovations	291,000	291,000	73,664	210,070	283,734	7,266			291,000	291,000	7,266
2017/2018 General Fund Appropriations											
High School Projection Room Renovations	810,000	810,000	36,482	538,897	575,379	234,621			810,000	810,000	234,621
2018/2019 General Fund Appropriations											
George Washington Windows	55,000	55,000	22,549	(3,080)	19,469	35,531			55,000	55,000	35,531
Middle School HVAC	165,000	165,000	20,693		20,693	144,307			165,000	165,000	144,307
High School Cafeteria Renovations	298,000	298,000			-	298,000			298,000	298,000	298,000
George Washington HVAC	132,000	132,000	23,939		23,939	108,061			132,000	132,000	108,061
George Washington Re-Painting	100,000	100,000			-	100,000			100,000	100,000	100,000
2019/2020 General Fund Appropriations											
Repair of Secondary School Façade	650,000	650,000			-	650,000			650,000	650,000	650,000
Balance of the MS/HS Security Vestibule	150,000	150,000			-	150,000			150,000	150,000	150,000
Blinds for GW Window Project	30,000	30,000			-	30,000			30,000	30,000	30,000
2021/2022 General Fund Appropriations											
Districtwide Building Management System Upgrade		50,000			-	50,000			50,000	50,000	50,000
MS/HS Fire Alarm System Upgrade		35,000		32,605	32,605	2,395			35,000	35,000	2,395
Smart Schools Bond Act Project	160,012	860,076	160,012	260,440	420,452	439,624		860,076		860,076	439,624
District Wide Capital Bond Project	35,570,029	35,570,029	26,881,879	6,583,165	33,465,044	2,104,985	35,145,029		425,000	35,570,029	2,104,985
DASNY Playground equipment		150,000		150,000	150,000	-		150,000		150,000	-
Postage machines lease		36,559		36,559	36,559	-	36,559			36,559	-
Totals	<u>\$ 41,280,573</u>	<u>\$ 42,252,196</u>	<u>\$ 29,421,721</u>	<u>\$ 8,520,281</u>	<u>\$ 37,942,002</u>	<u>\$ 4,310,194</u>	<u>\$ 35,181,588</u>	<u>\$ 1,167,608</u>	<u>\$ 5,903,000</u>	<u>\$ 42,252,196</u>	4,310,194
									Unissued long-term debt		(6,820,029)
									State aid not yet received		(420,052)
									State aid not yet earned		<u>(440,024)</u>
									Total Fund Balance	<u>\$</u>	<u>(3,369,911)</u>

**WEST HEMPSTEAD UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2022

Capital assets, net	<u>\$ 51,349,267</u>
Deduct:	
Bond anticipation notes payable	(6,000,000)
Less: Unspent BAN proceeds	1,284,956
Short-term portion of bonds payable	(1,735,000)
Long-term portion of bonds payable	(26,960,000)
Unamortized bond premium	(2,789,926)
Short-term portion of installment purchase debt	(5,837)
Short-term portion of energy performance contract	(221,393)
Long-term portion of energy performance contract	(708,519)
Short-term portion of lease liabilities	(71,293)
Long-term portion of lease liabilities	(108,311)
	<u>(37,315,323)</u>
Net Investment in Capital Assets	<u><u>\$ 14,033,944</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the West Hempstead Union Free School District (District), as of and for the year ended June 30, 2022, 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 15, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the West Hempstead Union Free School District's internal control over financial reporting (internal control) 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 or significant deficiencies may exist that have not been identified.

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

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the West Hempstead Union Free School District in a separate letter dated November 15, 2022.

### **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 15, 2022

