

PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "TAX MATTERS" herein.)

The Notes will NOT be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

\$25,000,000

HEMPSTEAD UNION FREE SCHOOL DISTRICT

NASSAU COUNTY, NEW YORK



GENERAL OBLIGATIONS

\$25,000,000 Bond Anticipation Notes - 2024 Series A (the "Notes")

Dated: April 18, 2024

Due: July 11, 2024

The Notes are general obligations of the Hempstead Union Free School District, Nassau County, New York, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. (See "THE NOTES" – "Nature of Obligation" herein.)

The Notes are not subject to redemption prior to maturity.

At the option of the purchaser(s), the Note will be issued as book-entry only or registered in the name of the purchaser(s). If such Note is issued as registered in the name of the purchaser(s), principal of and interest on the Note will be payable in Federal Funds. In such case, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

Alternatively, if the Note is issued as book-entry only, the Note will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Note. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Note. Such Note will be issued in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Note is issued as registered notes, payment of the principal of and interest on the Note to the Beneficial Owner(s) of the Note will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM" herein.)

THE DISTRICT HAS EXPERIENCED FINANCIAL, ACADEMIC AND OPERATIONAL DIFFICULTIES IN RECENT YEARS. PURSUANT TO CHAPTER 19 OF THE LAWS OF 2020 OF THE STATE OF NEW YORK, A STATE MONITOR HAS BEEN APPOINTED TO PROVIDE OVERSIGHT, GUIDANCE AND TECHNICAL ASSISTANCE TO THE DISTRICT, FOR ADDITIONAL INFORMATION SEE "APPOINTMENT OF STATE MONITOR" HEREIN.

The Notes are offered subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about April 18, 2024.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on April 4, 2024 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

March 28, 2024

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2023-2024 BOARD OF EDUCATION

LAMONT E. JOHNSON

President

VICTOR J. PRATT

Vice President



TRUSTEES

ELISE NICHOLSON
OLGA BROWN-YOUNG
DR. JOYLETTE WILLIAMS

* * * * *

ADMINISTRATION

REGINA ARMSTRONG

Superintendent of Schools

JAMAL J. SCOTT

Assistant Superintendent for Business & Operations

VANDANA MANUCHA

Assistant Business Administrator

ED CULLEN

Business Consultant

APRIL KEYS

School District Clerk



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

HAWKINS

HAWKINS DELAFIELD & WOOD

Bond Counsel

No person has been authorized by Hempstead Union Free School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates, and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Hempstead Union Free School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
HEMPSTEAD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

Relating To
\$25,000,000 Bond Anticipation Notes - 2024 Series A

This Official Statement, which includes the cover page and appendices, has been prepared by the Hempstead Union Free School District, Nassau County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$25,000,000 principal amount of Bond Anticipation Notes – 2024 Series A (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

THE DISTRICT HAS EXPERIENCED FINANCIAL, ACADEMIC AND OPERATIONAL DIFFICULTIES IN RECENT YEARS. PURSUANT TO CHAPTER 19 OF THE LAWS OF 2020 OF THE STATE OF NEW YORK, A STATE MONITOR HAS BEEN APPOINTED TO PROVIDE OVERSIGHT, GUIDANCE AND TECHNICAL ASSISTANCE TO THE DISTRICT, FOR ADDITIONAL INFORMATION SEE "APPOINTMENT OF STATE MONITOR" HEREIN.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon without limitation as to rate or amount. (See "*TAX LEVY LIMITATION LAW*" herein.)

The Notes are dated April 18, 2024 and mature, without option of prior redemption, on July 11, 2024. The Notes will be issued in either (i) the name of the purchaser with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. (See "*DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM*" herein.)

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education on June 9, 2022, following approval of a bond proposition by a majority of the voters of the District, present and voting thereon at the Annual District Meeting and Election held on May 17, 2022. authorizing the issuance of \$86,469,609 of serial bonds by the District to finance: (i) \$44,216,156 of alterations and improvements to District facilities and sites; and (ii) \$42,280,453 of additions, alterations and improvements to ABGS Middle School and site thereof.

The Notes will be used to redeem \$25,000,000 bond anticipation notes maturing April 19, 2024, for the aforementioned purpose.

NATURE OF OBLIGATION

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. However, the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See also "*Tax Levy Limit Law*" herein)

The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Notes), or the refinancing or refunding of such bonds or notes, as the Notes are being issued to finance voter approved capital expenditures, the Notes qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance or refinance deficits and certain judgments, including tax certiorari refund payments. (See "*Tax Levy Limit Law*" herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

No principal or interest payment on District indebtedness is past due.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

DESCRIPTION OF BOOK-ENTRY-ONLY-SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in central Nassau County in the Town of Hempstead (the “Town”). The District encompasses an area of approximately 3.2 square miles. Based on 2022 U.S. Census Bureau estimates, the District’s population is 45,931. The District provides public school education for grades K-12 to residents of the District. Of the approximately 9,130 students residing within the District, approximately 6,200 attend District schools while the other 2,930 students attend charter schools. In addition, a small number of students in the District attend private or parochial schools.

The District encompasses approximately 75% of the incorporated Village of Hempstead (the “Village”). Both the Village Hall for the Village and the Town Hall for the Town are located within the boundaries of the District. The District is comprised of residential and commercial areas with some apartment buildings. A nine-story central Verizon building is located in the District. A portion of Hempstead Lake State Park, as well as, the Hempstead Golf Club are located in the District.

The Southern State Parkway as well as Route 24 (Hempstead Turnpike) traverse the District along with an extensive network of State, County and Town Roads. The Long Island Railroad provides rail transportation and maintains a passenger terminal in the District. Numerous County bus lines provide service to the surrounding area.

The District's location in central Nassau County provides residents with employment opportunities throughout the County as well as New York City and western Suffolk County. Commercial activity is found along major highways and is typically in the form of shopping centers and retail outlets.

Source: District officials.

Population

The current estimated population of the District is 45,931. (Source: 2022 U.S. Census Bureau estimate.)

Source: US Census Bureau and American Community Survey 5-year Estimates.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns and the County below. The figures set below with respect to said Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Village of:						
Hempstead	\$ 20,713	27,368	\$ 31,370	\$ 54,910	72,721	\$ 88,080
Towns of:						
Hempstead	36,416	46,869	53,381	102,695	132,017	151,284
County of:						
Nassau	41,387	53,363	60,456	107,934	139,459	159,334
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010 U.S. Census Bureau, and 2016-2020 and 2018-2022 5-Year American Community Survey estimates.

Larger Employers

The following is the list of the larger employers located within or in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Town of Hempstead	Town Government	1,928
Hempstead UFSD	School	1,038
Village of Hempstead	Village Government	460

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the School District) is the Town and County. The information set forth below with respect to the Town and County is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Town or County is necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Hempstead Town	4.3%	3.7%	3.6%	8.9%	4.7%	3.0%	N/A
Nassau County	4.1%	3.5%	3.4%	8.4%	4.5%	2.9%	N/A
New York State	4.6%	4.1%	3.8%	9.9%	6.9%	4.3%	N/A

	<u>Monthly Figures</u>											
	<u>2023</u>							<u>2024</u>				
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Hempstead Town	2.4%	2.7%	2.9%	3.0%	3.4%	3.0%	3.4%	3.4%	N/A	N/A	N/A	N/A
Nassau County	2.2	2.6	2.8	2.9	3.2	2.9	3.2	3.2	N/A	N/A	N/A	N/A
New York State	3.7	3.8	4.2	4.1	4.4	4.0	4.4	4.0	N/A	N/A	N/A	N/A

Note: Annual average unemployment rates for 2023 and monthly unemployment rates for January, February and March 2024 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board of Education. They are generally elected for staggered terms of three years.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Business and Operations. (See also “*APPOINTMENT OF STATE MONITOR*” herein.)

Form of School Government

The Board of Education which is the policy-making body of the School District consists of five members with three-year terms. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

The administrative officers of the School District, whose duty it is to implement the policies of the Board of Education and supervise the operation of the school system include: The Superintendent of Schools, the Assistant Superintendent for Business and Operations, the School District Treasurer, and the School District Clerk.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. This tentative budget must be completed at least fourteen days before the annual District meeting at which it is to be presented. Copies are available upon request to taxpayers within the School District, fourteen days preceding such meeting and at each such meeting. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the School District.

The Board of Education causes a notice to be published stating the time, date, place and purpose of the annual or district meeting. At least forty-five days must elapse between the first publication of such notice and the date specified for such meeting. The meeting must be held at the time and place specified but it may be adjourned to permit voting on the following day. If the qualified voters at the annual or School District meeting approve the tentative budget, the Board of Education, by resolution adopts the tentative budget as the budget of the School District for the ensuing year.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include certain statutory refund language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap to be exceeded also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2022-23 fiscal year was approved by the qualified voters on May 17, 2022. The District’s adopted budget for the 2022-23 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for no tax levy increase, which was below the District tax levy limit of 2.78%

The budget for the 2023-24 fiscal year was approved on by the qualified voters on May 16, 2023. The District’s adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a no tax levy increase, which was below the District tax levy limit of 3.46%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investment by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District monies held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, the District has adopted its own policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. In the case of obligations of the United States Government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian with regular valuation.

State Aid

The School District receives substantial financial assistance from the State. In its adopted budget for 2023-24 fiscal year, approximately 72.4% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See “*MARKET AND RISK FACTORS*” herein.)

Federal Aid Received by the State

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

Building Aid

A portion of the District’s State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-2025 preliminary building aid ratios, the District's State Building aid ratio is expected to be approximately 98.0% for debt service on State Education Department approved expenditures.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history

School district fiscal year (2019-2020): The State's 2019-2020 Enacted Budget includes a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget, which was approximately \$27.9 billion. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received, with the State releasing the withheld funds on or about June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provided \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programmed \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School District fiscal year (2023-2024): The State’s 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State’s 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): On January 16, 2024, Governor Kathy Hochul delivered the 2024-25 Executive Budget to the New York State Legislature. The 2024-25 Executive Budget includes \$35.3 billion for school aid, representing an annual increase of approximately \$921 million (2.7 percent), inclusive of the State’s full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the school aid increase totals \$825 million (2.4 percent) and includes a \$507million (2.1 percent) increase in foundation aid. The 2024-25 Executive Budget proposes the removal of the “save harmless” provision, which currently ensures a school district receives at least the same amount of foundation aid as it received in the prior year. This change may result in school districts receiving less foundation aid than in previous years. In order to moderate the impact of the removal of the “save harmless” provision, the Executive Budget includes a wealth-based “transition adjustment”, allowing school districts to retain \$207 million of excess foundation aid in SY 2025. The 2024-25 Executive Budget also includes a \$318 million increase in all other school aid programs, including expense-based aids, categorical aids, and competitive grants, and \$100 million of supplemental assistance grants that will provide additional aid to school districts. In fiscal years 2022 and 2023, public school districts were awarded \$14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years. The 2024-25 Executive Budget is subject to approval by the New York State Legislature and being signed into law by the Governor. There is no assurance that the 2024-25 Executive Budget will be adopted as presented to the State Legislature and no way to predict changes, if any, the Governor and the State Legislature may agree to.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011. (See both “*School district fiscal year (2022-2023)*” and the following paragraphs herein.)

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A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic *Campaign for Fiscal Equity* cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of state funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-19	\$ 219,366,734	\$ 133,197,654	60.72%
2019-20	224,689,444	138,620,601	61.69
2020-21	230,913,073	140,826,134	60.99
2021-22	244,544,496	158,899,837	64.98
2022-23	227,399,132	187,964,585	67.76
2023-24 (Budgeted)	293,587,808	212,453,438	72.36

⁽¹⁾ General fund only.

Note: The District expects an increase in State Aid for fiscal year 2023-24

Source: Audited Financial Statements for the 2018-19 through 2022-23 fiscal years, and adopted budget for the 2023-2024 fiscal year. This table is not audited.

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District Facilities

<u>Name</u>	<u>Year Built</u>	<u>Grades</u>	<u>Capacity</u>
Marshall School ⁽¹⁾	1953	Pre K-K	0
Prospect School	1909	Pre K-K	562
McNeil School	1925	1-6	639
Barack Obama School	1925	1-6	386
David Patterson School	1928	1-6	497
Jackson Main School	1929	1-5	416
Jackson Annex School ⁽¹⁾	1955	1-5	386
Middle School	1920	6-8	1,345
High School	1970	9-12	1,278
Rhodes School	2021	Pre K-5	800

⁽¹⁾ Currently not in use.

Source: District officials.

Charter Schools

There are three locally-operated charter schools (the “Charter Schools”) open to residents residing in the District. The Charter Schools are separately chartered by the Board of Regents of the State and are not subject to the control or supervision of the District.

Under the Charter School Act, Article 56 of the New York Education Law, the District is required to pay a State-set tuition rate to the Charter Schools for students residing in the District who are enrolled in the Charter Schools. The amount to be paid to charter schools by a district is based on various regulations, enrollments levels, and economic information related to the home school district of the children enrolled in charter schools. Currently, school districts in the State, including the District, are required to pay an amount to charter schools for each resident pupil so enrolled that is equal to the approved operating expense per pupil of the school district. The exact amount payable for each pupil equals the product of the approved operating expense per pupil and the full-time-equivalent enrollment of the students in the charter school.

Charter School tuition payments are a significant expense to the District and no assurance can be given that additional charter schools will not be established for District residents or that enrollment levels and resulting tuition paid by the District to the Charter Schools will not increase in the future. In the event the District fails to make any required payment to the Charter Schools, the State Comptroller may deduct delinquent amounts from State Aid otherwise payable to the District and pay such amounts to the Charter Schools. Other State programs incorporate similar procedures for the withholding or deduction of State Aid.

According to the most recent report released by the District’s State Monitor, the most problematic revenue and expenditure issue is the money being spent on Charter School tuition and the small amount of State Aid attempting to cover that expense. See report of the State Monitor for more information on the steps the District is taking to help lower such tuition expense and increase such State Aid at <http://www.nysed.gov/accountability/state-monitors>.

The District’s tuition payments made to Charter Schools, enrollment at the Charter Schools, and State Transitional Aid received for students attending Charter Schools for the last five years are as follows:

<u>School Year</u>	<u>Tuition Payments Made to Charter Schools</u>	<u>Enrollment at Charter Schools</u>	<u>Transitional Aid Received</u>
2019-20	\$43,000,000	2,400	\$9,745,451
2020-21	46,126,302	2,473	10,470,313
2021-22	58,924,800	2,790	10,818,144
2022-23	67,072,047	2,930	11,142,912
2023-24 (Projected)	89,944,900	3,319	11,583,330

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	7,500	2024-25	6,500
2020-21	6,100	2025-26	6,500
2021-22	6,200	2026-27	6,500
2022-23	6,100	2027-28	6,500
2023-24	6,200	2028-29	6,500

Source: Hempstead UFSD officials.

Employees

The School District employs approximately 977 employees, of which are represented by the following units of units of organized labor.

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Expiration Date</u>
531	Hempstead Classroom Teachers' Association	June 30, 2025
104	Hempstead Teaching Assistants' Association	June 30, 2026
38	Hempstead School Administrators' Association	June 30, 2025
79	United Public Service Employees Union Local 424	June 30, 2023 ⁽¹⁾
225	Hempstead Schools Civil Service Association	June 30, 2024

⁽¹⁾- Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after five years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2024 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 1,809,978	\$ 6,486,635
2019-2020	1,844,243	5,541,957
2020-2021	1,549,829	5,238,499
2021-2022	1,991,004	5,482,314
2022-2023	1,480,210	7,009,060
2023-2024 (Budgeted)	3,078,330	7,565,170

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District is not currently offering any early retirement incentives, and does not plan to in the foreseeable future.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2019 to 2024) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	16.1	10.29
2023-24	13.1	9.76

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District’s employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund.

Other Post-Employment Health Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to “other post-employment benefits,” meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with an Questar III BOCES to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at July 1:	2021	2022
	<u>\$ 299,287,227</u>	<u>\$ 250,757,800</u>
<u>Changes for the year:</u>		
Service cost	14,006,131	9,461,956
Interest on total OPEB liability	6,701,333	9,086,706
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	(2,128,659)
Changes in Assumptions or other inputs	(63,111,204)	22,738,296
Benefit payments	<u>(6,125,687)</u>	<u>(7,128,258)</u>
Net Changes	<u>\$ (48,529,427)</u>	<u>\$ 32,030,041</u>
Balance ending at June 30:	2022	2023
	<u>\$ 250,757,800</u>	<u>\$ 282,787,841</u>

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the District's past audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "*STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness*", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

EFPR Group, CPAs, PLLC, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. EFPR Group, CPAs, PLLC also has not performed any procedures relating to this Official Statement.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no recent State Comptroller's audits of the District, nor are there any that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The classification of the District for the three most recent available fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023		0.0
2022	No Designation	20.0
2021	Susceptible	26.7

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town of Hempstead	\$ 8,239,965	\$ 7,465,433	\$ 8,598,823	\$ 9,354,273	\$ 10,284,383
State Equalization Rates	0.22%	0.18%	0.19%	0.17%	0.17%
Total Taxable Full Valuation	<u>\$ 3,745,438,636</u>	<u>\$ 4,147,462,778</u>	<u>\$ 4,525,696,316</u>	<u>\$ 5,502,513,529</u>	<u>\$ 6,049,637,059</u>

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town of Hempstead	\$ 8,909.38	\$ 9,215.38	\$ 10,171.46	\$ 8,830.79	\$ 7,383.46

Tax Collection Procedure

In Nassau County, property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The town tax receiver pays to each school district the amounts collected therefore on the first day of each month from October 1 to June 1. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a town charge.

On or before June 1, the town tax receiver files a report of any uncollected school district taxes with the County. Pursuant to the Nassau County Administrative Code, the County thereafter on or before June 15 is required to pay to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in recent years, this has not always been the case as some of these payments have been delayed.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 75,934,370	\$ 75,934,370	\$ 75,934,370	\$ 75,934,370	\$ 75,934,370
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	-	-	-	-	-

⁽¹⁾ See "Tax Collection Procedure".

The State Monitor's Report

In August 2023, October 14, 2022, Semi Annual Monitor Report for the year 2022-23. The District is in the process of completing many of the recommendations to successfully achieve the Academic and Financial Action Plans developed by the District and the State Monitor. Reports prepared by the State Monitor can be found at <http://www.nysed.gov/accountability/state-monitors> . (See also, "APPOINTMENT OF STATE MONITOR" herein.)

Real Property Taxes & Tax Items

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2017-18	\$ 206,206,572	\$ 70,886,167	34.38%
2018-19	219,366,734	71,199,511	32.46
2019-20	224,689,444	71,506,583	31.82
2020-21	230,913,073	71,692,667	31.05
2021-22	244,544,496	71,913,500	29.41
2022-23 (Budgeted)	268,575,379	72,077,686	26.84

⁽¹⁾ General fund only.

Source: District officials.

Note: Audited Financial Statements for the 2017-18 through 2021-22 fiscal years and adopted budget for the 2022-23 fiscal year.
This table is not audited.

Larger Taxpayers 2023 Tax Roll for 2023-24

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
KeySpan Gas East Corp.	Utility	\$ 213,673
Verizon	Utility	212,169
BRE DDR IVA HUB NY	Insurance	199,807
Greenwich Nursing Home Inc.	Apartment	128,522
Fulton Nursing Home Inc.	Nursing Home	117,068
Heritage Place LLC	Apartments	111,154
Clinton Washington LLC	Apartments	102,070
HVCA LLC	Apartments	87,975
Clinton Realty	Apartments	84,032
Manchester LLC	Apartments	79,236

The larger taxpayers listed above have a total taxable assessed valuation of \$1,335,706, which represents 12.99% of the tax base of the School District for the 2023-24 fiscal year.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

The STAR program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less in 2021-22 and \$92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$70,700 for the 2021-22 school year and \$74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2022-23 Enacted State Budget provides \$2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Hempstead	\$900	\$ 360	5/3/2023

\$3,856,384 of the District's \$75,934,370 school tax levy for 2023-24 fiscal year was exempt by the STAR program. The District received full reimbursement of such exempt taxes from the State by January 2024.

A similar amount for the 2024-25 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2025.

Additional Tax Information

Real property located in the School District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a \$380,798 market value residential property located in the District is approximately \$10,680 including State, County, Town, School District and Fire District Taxes.

TAX LEVY LIMIT LAW

Chapter 97 of the Laws of 2011, as amended (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI"). Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on notes or notes issued to finance voter approved capital expenditures, such as the Notes, and the refinancing or refunding of such notes or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*THE NOTES - Nature of the Obligation*" herein).

STATUS OF INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been initially contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York, provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 20,590,000	\$ 17,385,000	\$ 14,120,000	\$ 10,795,000	\$ 7,150,000
EPC Lease Agreement ⁽¹⁾	0	0	0	0	10,751,012
Revenue Anticipation Notes ⁽²⁾	0	0	0	0	0
Tax Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>2,277,578</u>	<u>25,900,000</u>	<u>44,627,819</u>	<u>44,207,819</u>	<u>68,425,000</u>
Total Debt Outstanding	<u>\$ 22,867,578</u>	<u>\$ 40,285,000</u>	<u>\$ 58,747,819</u>	<u>\$ 55,002,819</u>	<u>\$ 86,326,012</u>

Source: Audited financial statements and District Officials.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of March 28, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2028	\$ 6,000,000
<u>Bond Anticipation Notes</u>		
Capital Project	April 19, 2024	25,000,000 ⁽¹⁾
Capital Project	July 11, 2024	42,660,000 ⁽²⁾
<u>Revenue Anticipation Notes</u>		
Anticipation of the receipt of State Aid for 2023-2024	June 28, 2024	<u>43,000,000</u>
	Total Debt Outstanding	<u>\$ 51,110,000</u>

⁽¹⁾ To be redeemed and renewed by the Notes.

⁽²⁾ To be partially redeemed and renewed at maturing along with \$400,000 available funds of the District and \$27,000,000 new monies.

Source: Audited financial statements and District Officials.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 28, 2024:

Full Valuation of Taxable Real Property	\$6,049,637,059
Debt Limit – 10% thereof	604,963,706

Inclusions:

Bonds.....	\$ 6,000,000	
Bond Anticipation Notes	<u>67,660,000</u>	
Total Inclusions		<u>\$ 73,660,000</u>

Exclusions:

Building Aid ⁽¹⁾	\$ _____ 0	
Total Exclusions		<u>\$ _____ 0</u>

Total Net Indebtedness	<u>\$ 73,660,000</u>
Net Debt-Contracting Margin	<u>\$ 531,303,706</u>
The percent of debt contracting power exhausted is	12.18%

⁽¹⁾ Based on 2024-2025 preliminary building aid estimates, the District anticipates State Building aid of 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the statutory debt limit of the School District.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

<u>Fiscal Year</u>	<u>Amount</u>	<u>Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2019-20	\$ 43,000,000	TAN	7/19/19	6/25/20
	10,000,000	RAN	6/23/20	12/15/20
2020-21	43,000,000	RAN	7/17/20	6/30/21
2021-22	43,000,000	RAN	7/13/21	6/30/22
2022-23	43,000,000	RAN	7/12/22	6/30/23
2023-24	43,000,000	RAN	7/11/23	6/30/24

The District does anticipate issuing \$43,000,000 revenue anticipation notes on July 10, 2024.

Energy Performance Contract

The District entered into a EPC Lease Agreement on July 26, 2022. Principal and interest payments are due July 26, 2023, January 26, 2024, and semi-annually thereafter. Below is a table outlining these payments as of the date of this Official Statement.

<u>Fiscal Year Ending June 30th</u>	<u>Principal & Interest 7/26</u>	<u>Principal & Interest 1/26</u>	<u>Total</u>
2024	333,634.37	475,569.07	809,203.44
2025	475,569.07	475,569.07	951,138.14
2026	475,569.07	475,569.07	951,138.14
2027	475,569.07	475,569.07	951,138.14
2028	475,569.07	475,569.07	951,138.14
2029	475,569.07	475,569.07	951,138.14
2030	475,569.07	475,569.07	951,138.14
2031	475,569.07	475,569.07	951,138.14
2032	475,569.07	475,569.07	951,138.14
2033	475,569.07	475,569.07	951,138.14
2034	475,569.07	475,569.07	951,138.14
2035	475,569.07	475,569.07	951,138.14
2036	475,569.07	475,569.07	951,138.14
2037	475,569.07	475,569.07	951,138.14
2038	475,569.07	-	475,569.07
	6,991,601.35	6,657,966.98	13,649,568.33

The District does not have any other obligations at this time.

Capital Project Plans

On June 25, 2018, the Board of Education authorized the issuance of \$46,844,112 serial bonds by the District to finance the construction of a new elementary school on the site of the existing Rhodes Elementary School, including the demolition of the existing building on said site and the removal of certain modular buildings. To date, the District has issued \$44,727,819 under this resolution, leaving \$2,116,193 authorized and unissued. After principal paydowns, there is a total of \$42,660,000 outstanding in bond anticipation notes maturing on July 11, 2024. The \$42,660,000 bond anticipation notes maturing July 11, 2024, along with \$830,000 available funds of the District, is expected to be permanently financed through DASNY on June 14, 2024.

On June 9, 2022, the Board of Education adopted a bond resolution authorizing the issuance of \$86,469,609 of serial bonds by the District to finance: (i) \$44,216,156 of alterations and improvements to District facilities and sites; and (ii) \$42,280,453 of additions, alterations and improvements to ABGS Middle School and site thereof. The District issued \$25,000,000 bond anticipation notes on April 21, 2023 which mature on April 19, 2024 for the aforementioned purpose. The Notes will renew in full the \$25,000,000 bond anticipation notes maturing on April 19, 2024 for the aforementioned purpose. On July 10, 2024, the District expects to use the proceeds of notes to be issued in the amount of \$24,600,000, along with \$400,000 available funds, to redeem and renew the \$25,000,000 bond anticipation notes maturing July 11, 2024. The District also expects to add \$27,000,000 of new monies for the aforementioned purpose at such time.

On March 20, 2024, the Board of Education adopted a bond resolutions authorizing the issuance of serial bonds by the District to finance (i) \$72,218,215 of alterations and improvements to District facilities and sites; and (ii) \$7,350,000 indoor air quality improvements and the installation of classroom climate controls. Pending a positive vote, borrowings will be pursuant to State approval and construction cash flow needs.

Other than noted above, the District does not have any authorized but unissued capital projects, nor are any contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Nassau	12/31/2021	\$ 3,424,012,031	\$ 39,330,000	\$ 3,384,682,031	1.10%	\$ 37,231,502
Town of:						
Hempstead	12/31/2021	502,220,087	57,340,011	444,880,076	3.30%	14,681,043
Village of:						
Hempstead	5/31/2022	-	-	-	75.00%	-
					Total:	<u>\$ 51,912,545</u>

⁽¹⁾ Bonds and bond anticipation notes are as of close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.

⁽²⁾ Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2020 and 2021. Village of Hempstead Gross Indebtedness was taken from FYE 2022 Audit.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 28, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 73,660,000	\$ 1,603.71	1.22%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	125,572,545	2,733.94	2.08

^(a) The 2022 estimated population of the District is 45,931. (See "THE SCHOOL DISTRICT - Population" herein.)

^(b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$6,049,637,059. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

^(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.

^(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$51,912,545. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "*TAX LEVY LIMIT LAW*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

On January 31, 2024, the District was the victim of an apparent cybersecurity scheme when it was fraudulently induced via email to misdirect a regularly scheduled Charter School payment of \$3.5 million dollars via wire transfer to an account controlled by alleged criminals. While the fraudulent email ostensibly originated from the account of an employee of the Charter School, unbeknownst to the District, it appears the Charter School employee's email account was compromised, and the false email was sent as a result an apparent cybersecurity breach at the Charter School. The District did not receive any information from the Charter School that the employee's email was compromised prior to receipt of the fraudulent email.

Through the efforts of law enforcement, approximately \$3.2 million dollars of the \$3.5 million dollars transferred to the account specified in the fraudulent email was recovered. The District is fully cooperating with authorities and the investigation is ongoing. The District has provided the appropriate banking authorities with all the information necessary to return the recovered funds on an expedited basis. The District is pursuing insurance claims to recover the remaining funds.

In response to this apparent cybersecurity scheme, the District has initiated an investigation into the District's cybersecurity and an internal audit of the District's Claims Audit function and the financial risks associated with electronic payment systems and electronic fund transfers. In addition, the District has instituted procedural changes to ensure proper documentation for wire transfers is vetted before any payments are issued and a phone call to a known number confirms a change in any payment method.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

APPOINTMENT OF STATE MONITOR

In 2004, a team of professionals from the New York State Department of Education visited the District to evaluate and provide recommendations for its quality of education. In 2014, the Office of the State Comptroller audited the District and recommended improvements for the District’s fiscal health, board transparency, and hiring practices. In response to such issues, the Commissioner of Education appointed a Distinguished Educator (DE) in 2017 to develop a plan of action to improve the District’s student and system performance.

The DE submitted his findings in several reports, the most recent of which was released in August 2023 which indicated that improvement has occurred in many of the original target areas.

In response to the DE’s final report, a law authorizing the Commissioner of Education and the Chancellor of the Board of Regents, with the approval of the Board of Regents, to appoint monitors to oversee the District became a law on January 22, 2020. Such law was repealed and replaced on February 3, 2020 with Chapter 19 of the Laws of 2020 (the “State Monitor Legislation”), allowing for the appointment of a single monitor to oversee the District. The monitor is responsible for fiscal and academic oversight which includes the following duties:

- Provide oversight, guidance and technical assistance related to the fiscal and educational policies, practices, programs and decisions of the district, board, and superintendent.
- Serve as an ex-officio member of the board and as such attend all meetings of the board.
- In conjunction with the board, develop a financial plan for the district.
- In conjunction with the board, develop a proposed academic improvement plan.
- Starting with the proposed budget for the 2021–2022 school year, annually review the district’s budget to ensure that it is balanced.
- Provide semiannual reports to the Commissioner, the Regents, the Governor, the temporary President of the Senate and the Speaker of the Assembly.
- Work with the district’s shared decision-making committee.
- Assist in resolving disputes and conflicts between the board and the superintendent, and among members of the board.

In accordance with the State Monitor Legislation, the State Monitor prepared academic and financial plans for the District following several public hearings. Such plans were approved by the Board of Education of the District and the Commissioner of Education in December 2020. In addition, the State Monitor has prepared and submitted various quarterly and semi-annual reports to the Commissioner regarding the academic, fiscal and operations status of the District. The District's budget for its 2021-2022, 2022-2023, and 2023-2024 fiscal years was also reviewed by the State Monitor to ensure that it was balanced and consistent with the District's financial plan. More information on the State Monitor, including copies of all such reports and reviews, can be found on the New York State Education Department website at: <http://www.nysed.gov/accountability/state-monitors>. Reference to this website implies no warranty of accuracy of information therein.

References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as "APPENDIX-C – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS".

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein, there are no significant claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District, apart from matters handled by attorneys assigned by insurer and covered under applicable insurance. In the event these claims or actions had an adverse material effect on the District, the District is authorized by New York State Local Finance Law to issue bonds or notes, if needed, to pay any settlements or judgments in these matters, in excess of insurance coverage.

In addition, the District has a self-insured retention for all litigation matters which are covered under its insurance policy in the amount of \$200,000 for general liability matters, \$200,000 for sexual abuse and molestation matters; \$200,000 for employee benefits liability matters, wrongful acts, and employment practices violations.

1. *John Doe #1, et al. v. Boy Scouts of America, et al.* – This action was commenced on or about August 11, 2021 under the Child Victims Act by fifty-seven (57) plaintiffs against numerous and diverse local councils for the Boy Scouts, as well as churches and schools alleged to have sponsored boy scout troops, including the Alverta B. Gray Schultz Middle School. Each plaintiff alleges that he was the victim of sexual abuse by scout leaders or volunteers of the scout troop in which he participated. The District is alleged to have been involved in the abuse of one plaintiff in or about 1969. Currently, the case remains stayed. The District intends to vigorously defend against this claim.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may result in the filing of a material event notification to EMMA and/or the provision of a supplement to the final Official Statement.

S&P Global Ratings has assigned its underlying rating of “A-/Stable Outlook” to the District’s outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any explanation of the significance of such rating may be obtained from S&P Global Ratings, 55 Water Street, New York, New York 10041.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

ADDITIONAL INFORMATION

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District’s files with the repositories. When used in District documents or oral presentation, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District will act as paying agent for the Notes. The District's contact information is as follows: Mr. Jamal J. Scott, Assistant Superintendent for Business and Operations, Hempstead UFSD Marshall School, Business Office, 15 East Marshall Street, Hempstead, New York 11550, Phone: (516) 434-4061, Email: jjscott@hempsteadschools.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Dated: April 18, 2024

LAMONT E. JOHNSON
PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 9,417,138	\$ 10,231,797	\$ 6,030,222	\$ 15,142,152	\$ 57,921,696
Taxes Receivable	4,178,867	5,397,264	4,396,322	4,732,334	3,261,362
Accounts Receivable	46,311	89,457	-	87,971	283,810
State and Federal Receivable	8,895,303	16,632,183	10,651,318	4,482,794	7,110,807
Due from Other Governments	131,749	2,354,242	2,419,769	2,829,370	2,752,307
Due from Governmental Funds	17,093,189	15,226,406	13,155,674	21,819,326	20,972,076
Due from Fiduciary Funds	155,479	459,513	-	-	-
Other Receivables	-	-	-	-	-
TOTAL ASSETS	\$ 39,918,036	\$ 50,390,862	\$ 36,653,305	\$ 49,093,947	\$ 92,302,058
<u>LIABILITIES AND FUND BALANCE</u>					
Accounts Payable	\$ 14,204,878	\$ 15,401,069	\$ 3,670,550	\$ 4,332,034	\$ 9,862,448
Accrued Liabilities	843,145	845,012	868,441	4,393,731	2,670,840
Revenue Anticipation Notes Payable	-	10,000,000	-	-	-
Due to Government Funds	1,364,738	214,657	41,326	29,915	21,899,682
Due to Other Governments	218,961	1,388,257	1,347,225	2,190,655	1,774,612
Due to Teachers' Retirement System	7,850,539	6,445,171	6,378,266	7,074,654	7,906,126
Due to Employees' Retirement System	540,609	589,287	430,075	465,072	492,312
Compensated Absences	384,028	259,732	327,184	649,013	796,201
Unearned Revenues	-	-	-	-	-
TOTAL LIABILITIES	\$ 25,406,898	\$ 35,143,185	\$ 13,063,067	\$ 19,135,074	\$ 45,402,221
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Revenue	\$ 501,890	\$ 1,783,452	\$ 653,033	\$ 1,788,913	\$ 2,133,598
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 501,890	\$ 1,783,452	\$ 653,033	\$ 1,788,913	\$ 2,133,598
<u>FUND BALANCE</u>					
Nonspendable	\$ -	\$ -	\$ 1,141,292	\$ 431,647	\$ -
Restricted:	8,702,794	6,462,870	3,395,696	13,374,800	26,244,586
Assigned	2,100,000	1,608,705	2,201,112	6,231,220	6,545,658
Unassigned	3,206,454	5,392,650	16,199,105	8,132,293	11,975,995
TOTAL FUND EQUITY	14,009,248	13,464,225	22,937,205	28,169,960	44,766,239
TOTAL LIABILITIES and FUND EQUITY	\$ 39,918,036	\$ 50,390,862	\$ 36,653,305	\$ 49,093,947	\$ 92,302,058

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Real Property Taxes	\$ 71,199,511	\$ 71,506,583	\$ 71,692,667	\$ 71,913,500	\$ 72,077,986
Other Tax Items	11,494,869	10,105,691	10,715,776	9,380,959	9,389,231
Charges for Services	775,456	949,962	1,295,122	346,814	1,550,063
Use of Money & Property	188,456	326,793	76,537	71,259	1,123,138
Sale of Property and Compensation for Loss	935,000	383,964	678,988	186,839	439,537
Miscellaneous	1,216,014	2,551,278	3,413,176	2,483,650	4,213,178
Interfund Revenues	359,774	244,572	187,923	212,560	258,461
Revenues from State Sources	133,197,654	138,620,601	140,826,134	158,899,837	187,964,585
Medicaid Reimbursement	-	-	-	481,950	276,157
Revenues from Federal Sources	-	-	2,026,750	567,128	106,796
Total Revenues	<u>\$ 219,366,734</u>	<u>\$ 224,689,444</u>	<u>\$ 230,913,073</u>	<u>\$ 244,544,496</u>	<u>\$ 277,399,132</u>
Other Sources:					
Interfund Transfers	<u>800,000</u>	<u>800,000</u>	<u>70,000</u>	<u>3,597</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 220,166,734</u>	<u>\$ 225,489,444</u>	<u>\$ 230,983,073</u>	<u>\$ 244,548,093</u>	<u>\$ 277,399,132</u>
EXPENDITURES					
General Support	\$ 26,270,344	\$ 24,006,578	\$ 21,135,618	\$ 26,718,902	\$ 23,578,192
Instruction	146,277,914	150,511,274	150,182,532	159,751,795	178,148,764
Pupil Transportation	8,663,804	7,583,691	7,458,829	8,965,263	9,807,033
Community Services	5,563	6,484	5,881	5,660	7,700
Employee Benefits	38,963,039	37,970,360	37,367,809	38,140,042	41,293,565
Debt Service	4,356,104	4,742,225	4,728,764	4,990,270	7,239,095
Total Expenditures	<u>\$ 224,536,768</u>	<u>\$ 224,820,612</u>	<u>\$ 220,879,433</u>	<u>\$ 238,571,932</u>	<u>\$ 260,074,349</u>
Other Uses:					
Interfund Transfers	<u>1,053,077</u>	<u>1,213,855</u>	<u>630,660</u>	<u>743,406</u>	<u>728,504</u>
Total Expenditures and Other Uses	<u>\$ 225,589,845</u>	<u>\$ 226,034,467</u>	<u>\$ 221,510,093</u>	<u>\$ 239,315,338</u>	<u>\$ 260,802,853</u>
Excess (Deficit) Revenues Over Expenditures	<u>(5,423,111)</u>	<u>(545,023)</u>	<u>9,472,980</u>	<u>5,232,755</u>	<u>16,596,279</u>
FUND BALANCE					
Fund Balance - Beginning of Year	19,432,359	14,009,248	13,464,225	22,937,205	28,169,960
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 14,009,248</u></u>	<u><u>\$ 13,464,225</u></u>	<u><u>\$ 22,937,205</u></u>	<u><u>\$ 28,169,960</u></u>	<u><u>\$ 44,766,239</u></u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:

	2023			2024
	Original Budget	Final Budget	Audited Actual	Adopted Budget
REVENUES				
Real Property Taxes	\$ 75,934,370	\$ 72,077,986	\$ 72,077,986	\$ 75,934,370
Other Tax Items	4,800,000	8,656,384	9,389,231	4,200,000
Charges for Services	-	30,279	1,550,063	-
Use of Money & Property	-	-	1,123,138	-
Sale of Property and	-	-	-	-
Compensation for Loss	-	-	439,537	-
Miscellaneous	1,000,000	1,005,000	4,213,178	1,000,000
Interfund Revenues	-	-	258,461	-
Revenues from State Sources	186,841,009	186,841,009	187,964,585	212,453,438
Medicaid Reimbursement	-	-	276,157	-
Revenues from Federal Sources	-	-	106,796	-
Total Revenues	\$ 268,575,379	\$ 268,610,658	\$ 277,399,132	\$ 293,587,808
Other Sources:				
Appropriated Fund Balance	\$ 6,134,578	\$ 6,134,578	\$ -	\$ 5,812,059
Prior Year's Encumbrances	96,642	96,642	-	-
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	\$ 274,806,599	\$ 274,841,878	\$ 277,399,132	\$ 299,399,867
EXPENDITURES				
General Support	\$ 26,463,851	\$ 26,492,066	\$ 23,578,192	\$ 31,666,804
Instruction	185,994,033	186,028,012	178,148,764	197,056,188
Pupil Transportation	9,496,809	9,469,894	9,807,033	10,114,817
Community Services	7,200	7,200	7,700	7,200
Employee Benefits	45,292,230	45,292,230	41,293,565	51,140,890
Debt Service	6,602,476	6,602,476	7,239,095	8,138,968
Total Expenditures	\$ 273,856,599	\$ 273,891,878	\$ 260,074,349	\$ 298,124,867
Other Uses:				
Interfund Transfers	950,000	950,000	728,504	1,275,000
Total Expenditures and Other Uses	\$ 274,806,599	\$ 274,841,878	\$ 260,802,853	\$ 299,399,867
Excess (Deficit) Revenues Over Expenditures	-	-	16,596,279	-
FUND BALANCE				
Fund Balance - Beginning of Year	-	-	28,169,960	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 44,766,239	\$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th			
	Principal	Interest	Total
2023	\$ 3,645,000	\$ 349,675.63	\$ 3,994,675.63
2024	1,710,000	280,683.75	1,990,683.75
2025	1,200,000	207,267.50	1,407,267.50
2026	995,000	163,651.88	1,158,651.88
2027	1,040,000	121,042.50	1,161,042.50
2028	1,080,000	74,562.50	1,154,562.50
2029	1,125,000	25,197.50	1,150,197.50
TOTAL	\$ 10,795,000	\$ 1,222,081	\$ 12,017,081

Note: The totals above do not include energy performance contracts or lease obligations.

CURRENT DEBT OUTSTANDING

Fiscal Year Ending June 30th	2009 DASNY			2013 Various Capital Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 560,000	\$ 28,000.00	\$ 588,000.00	\$ 595,000	\$ 135,250.00	\$ 730,250.00
2024	-	-	-	620,000	113,987.50	733,987.50
2025	-	-	-	640,000	91,937.50	731,937.50
2026	-	-	-	665,000	68,268.75	733,268.75
2027	-	-	-	685,000	42,100.00	727,100.00
2028	-	-	-	710,000	14,200.00	724,200.00
TOTALS	\$ 560,000	\$ 28,000.00	\$ 588,000.00	\$ 3,915,000	\$ 465,743.75	\$ 4,380,743.75

Fiscal Year Ending June 30th	2013 Various Capital Improvements			2014 Various Capital Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 320,000	\$ 106,558.75	\$ 426,558.75	\$ 235,000	\$ 10,875.00	\$ 245,875.00
2024	335,000	89,605.00	424,605.00	245,000	3,675.00	248,675.00
2025	355,000	71,714.38	426,714.38	-	-	-
2026	375,000	52,773.75	427,773.75	-	-	-
2027	395,000	32,462.50	427,462.50	-	-	-
2028	415,000	10,997.50	425,997.50	-	-	-
TOTALS	\$ 2,195,000	\$ 364,111.88	\$ 2,559,111.88	\$ 480,000	\$ 14,550.00	\$ 494,550.00

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” – shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Hempstead Union Free School District, Nassau County, New York.**

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of April 18, 2024.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$25,000,000 Bond Anticipation Notes – 2024 Series A dated April 18, 2024, maturing on July 11, 2024, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Note holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

With respect to events (15) and (16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **April 18, 2024**.

HEMPSTEAD UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

HEMPSTEAD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

HEMPSTEAD UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Hempstead Union Free School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 60 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 12, 2023

HEMPSTEAD UNION FREE SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of the Hempstead Union Free School District’s (the “District”) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- On the District-wide financial statements, the District’s total net deficit decreased by \$22,732,352, or 8.32% to a net deficit of \$(250,356,594). This was due to an excess of revenues over expenditures based on the accrual basis of accounting.
- On the District-wide financial statements, revenues increased by \$35,026,527, or 12.66%. The increase was attributed to increases in capital grants, State sources, and use of money and property.
- On the District-wide financial statements, expenses increased by \$36,344,061, or 14.39%, primarily due to increases in instruction, pupil transportation, and debt service-interest offset by decreases in general support and food service program expenses.
- On the governmental funds financial statements, the general fund total fund balance increased by \$16,596,279. Unassigned fund balance as of June 30, 2023 was \$11,975,995. The amount is within the 4% limit allowed by Section 1318 Real Property Tax Law.
- On May 16, 2023 the proposed 2023-2024 budget in the amount of \$299,399,867 was authorized by the District’s residents. The budget passed by 69.61% of those who voted.
- On July 26, 2022, entered into energy performance contract for \$10,751,012 with an interest rate of 3.06%, maturity on July 26, 2037.
- At June 30, 2023, the District has not commenced work on both bond issuances approved on May 17, 2022 for replacement of roofs & windows and health & safety improvements throughout the District and addition, alterations and improvements to the ABGS Middle School.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

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

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

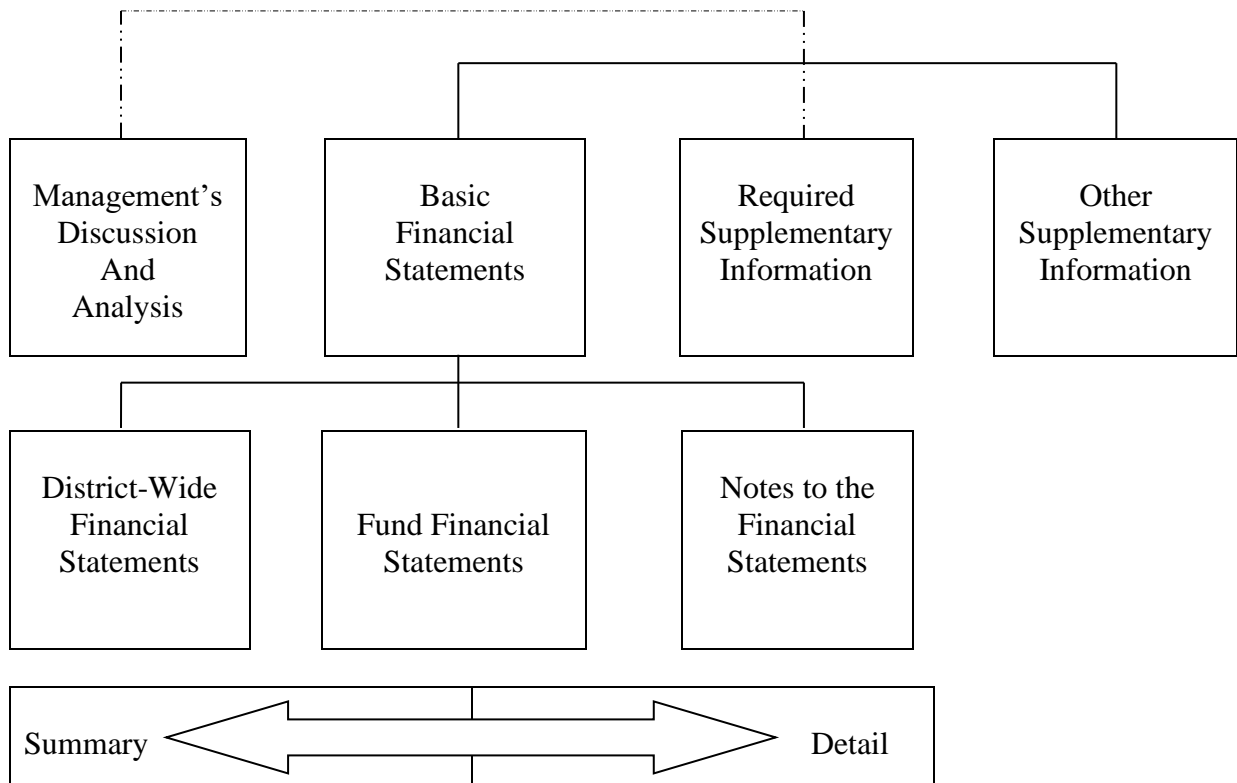


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A. District-Wide Financial Statements:

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

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

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

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

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

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation.
- *Unrestricted net position (deficit)* includes net amounts that do not meet any of the above restrictions.

B. Fund Financial Statements

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

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net deficit decreased by \$22,732,352 between fiscal year 2023 and 2022, as detailed in Table A-3.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table A-3: Condensed Statements of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase / (Decrease)	Percentage Change
Current and other assets	\$ 105,051,826	52,897,879	52,153,947	98.59%
Capital assets, net of accumulated depreciation	99,655,930	86,610,100	13,045,830	15.06%
Right to use assets - lease assets, net of accumulated amortization	63,860	447,022	(383,162)	(85.71%)
Net pension assets - proportionate share NYSERS and NYSTRS	-	64,955,835	(64,955,835)	(100.00%)
Total Assets	204,771,616	204,910,836	(139,220)	(0.07%)
Deferred outflows of resources	95,701,523	87,177,682	8,523,841	9.78%
Total Assets and Deferred Outflows of Resources	<u>\$ 300,473,139</u>	<u>292,088,518</u>	<u>8,384,621</u>	2.87%
Current liabilities	\$ 102,442,186	65,482,462	36,959,724	56.44%
Long-term liabilities	32,709,357	24,749,842	7,959,515	32.16%
Net pension liabilities - proportionate share	15,056,531	-	15,056,531	N/A
Total other post-employment benefits obligation	282,787,841	250,757,800	32,030,041	12.77%
Total Liabilities	432,995,915	340,990,104	92,005,811	26.98%
Deferred inflows of resources	117,833,818	224,187,360	(106,353,542)	(47.44%)
Total Liabilities and Deferred Inflows of Resources	<u>550,829,733</u>	<u>565,177,464</u>	<u>(14,347,731)</u>	(2.54%)
Net investment in capital assets	46,180,921	32,972,998	13,207,923	40.06%
Restricted	26,390,741	13,543,659	12,847,082	94.86%
Unrestricted (deficit)	<u>(322,928,256)</u>	<u>(319,605,603)</u>	<u>(3,322,653)</u>	1.04%
Total Net Position (deficit)	<u>(250,356,594)</u>	<u>(273,088,946)</u>	<u>22,732,352</u>	(8.32%)
Total Liabilities, Deferred Inflows of Resources and Net Position (deficit)	<u>\$ 300,473,139</u>	<u>292,088,518</u>	<u>8,384,621</u>	2.87%

Current and other assets increased by \$52,153,947 as compared to the prior year. This was primarily due to increases in unrestricted restricted cash, and State and federal aid receivable offset by a decrease in taxes receivable.

Capital assets, net increased by \$13,045,830, as compared to the prior year. This increase is the result of current year asset acquisitions in excess of depreciation expense (see Note 10).

Right to use assets - lease assets, net decreased by \$383,162, as compared to prior year. This is the result of current amortization (see Note 11).

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

Deferred outflows of resources increased by \$8,523,841. Deferred outflows of resources represents contributions to the pension subsequent to the measurement dates and actuarial adjustments of the pension and total other post-employment benefit ("OPEB") plans that will be amortized in future years. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" and Note 16 "Other Post-employment Benefits Other than Pensions" for additional information.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Current liabilities increased by \$36,959,724, as compared to the prior year. This increase was primarily due to increases in accounts payable, accrued interest payable, bond anticipation note payable, and due to teachers' retirement system, offset by decreases in accrued liabilities, due to other governments, and unearned credits – collections in advance.

Long-term liabilities increased by \$7,959,515, as compared to the prior year. This increase was primarily due to a new energy performance contract debt and increases in in long-term compensated absences and workers compensation claim payable offset by decreases in bonds payable, leases payable, and termination benefits payable.

Net pension liabilities - proportionate share increased by \$15,056,531. This increase is due to fluctuations in the actuarially determined net pension liability of the NYSERS and NYSTRS. This was the result of several factors including differences between expected and actual experience, changes in the assumptions related to the pension plans, net difference between projected and actual earnings on pension plan investments and, any change in the District's proportionate share to the plans as a whole. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" for additional information.

The District's OPEB obligation increased over the prior year by \$32,030,041. This was the result from several factors including service cost, interest, and changes in assumptions or other inputs offset by the differences between expected and actual experience and the District's benefit payments. See accompanying Notes to Financial Statements, Note 16 "Other Post-employment Benefits Other than Pensions" for additional information.

Deferred inflows of resources decreased by \$106,353,542 due to decreases related to actuarial adjustments at the pension plan level and in total other post-employment benefits liability, that will be amortized in future years. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" and Note 16 "Other Post-employment Benefits (OPEB) Other than Pensions" for additional information.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & building improvements, furniture & equipment and site improvements, net of depreciation and related debt. As well, right to use assets, net of amortization and related debt. This number increased from the prior year by \$13,207,923 due to capital asset additions and principal payments on related debt in excess of depreciation and amortization.

The restricted amount of \$26,390,741 relates to the District's restricted reserves. This balance increased over the prior year by \$12,847,082. During the current year, the Board of Education approved transfers to the workers' compensation reserve of \$4,500,000, retirement contributions reserve – NYSERS of \$3,000,000, the retirement contribution reserve – NYSTRS of \$1,360,000, the Employee Benefit Accrued Liability reserve of \$3,618,136 and the insurance reserve of \$110,000. See section 4 of this management's discussion and analysis, financial analysis of the District's funds for further details.

The unrestricted net position (deficit) in the amount of \$(322,928,256) relates to the balance of the District's net position (deficit). The unrestricted net position (deficit) increased from the prior year by \$3,322,653. Net position (deficit) overall decreased by \$22,732,352.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023 and 2022 are as follows:

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

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 1,653,988	1,827,480	(173,492)	(9.49%)
Operating grants and contributions	31,292,734	31,490,531	(197,797)	(0.63%)
Capital grants and contributions	2,837,994	-	2,837,994	100.00%
General Revenues				
Property taxes and other tax items	81,467,217	81,294,459	172,758	0.21%
State sources	187,964,585	158,597,080	29,367,505	18.52%
Use of money and property	1,124,232	71,283	1,052,949	1477.14%
Other	5,330,169	3,363,559	1,966,610	58.47%
Total Revenues	311,670,919	276,644,392	35,026,527	12.66%
Expenses				
General support	30,316,594	31,270,934	(954,340)	(3.05%)
Instruction	240,864,025	206,691,231	34,172,794	16.53%
Pupil transportation	9,902,354	9,109,340	793,014	8.71%
Community services	12,067	7,686	4,381	57.00%
Food service program	3,922,042	4,354,535	(432,493)	(9.93%)
Debt service - interest	3,921,485	1,160,780	2,760,705	237.83%
Total Expenses	288,938,567	252,594,506	36,344,061	14.39%
Total Change in Net Position	\$ 22,732,352	24,049,886	(1,317,534)	(5.48%)

The District's total fiscal year 2023 revenues were \$311,670,919 (See Table A-4). Property taxes and other tax items, and State sources accounted for 26.14% and 60.31% of the total revenues, respectively (See Table A-5). The remainder came from fees charged for services, operating grants and contributions, capital grants and contributions, use of money and property and other miscellaneous sources.

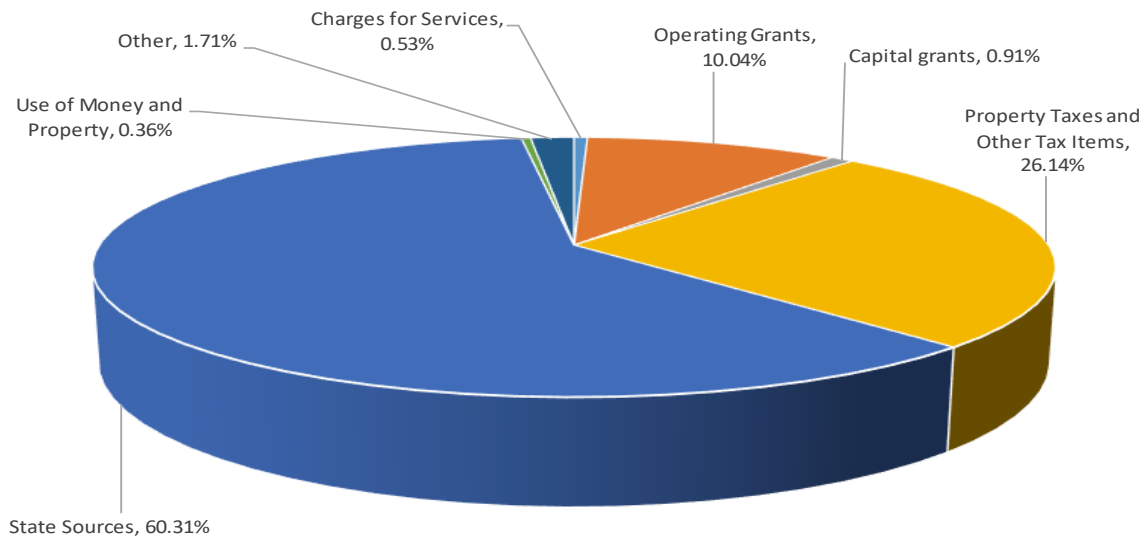
The District's revenues increased by \$35,026,527, or 12.66%, which is primarily attributable to increases in capital grants, State sources, use of money and property and other miscellaneous revenues. State sources increased by \$29,367,505 primarily as a result of increases in general aid, lottery aid, BOCES aid and other State aid offset by a decrease in excess cost aid.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The total cost of all programs and services totals \$288,938,567 for fiscal year 2023. These expenses are predominantly related to instruction expenses and caring for (pupil services) and transporting students, which account for 83.36% of District expenses (See Table A-6). The District's general support activities accounted for 10.49% of total costs.

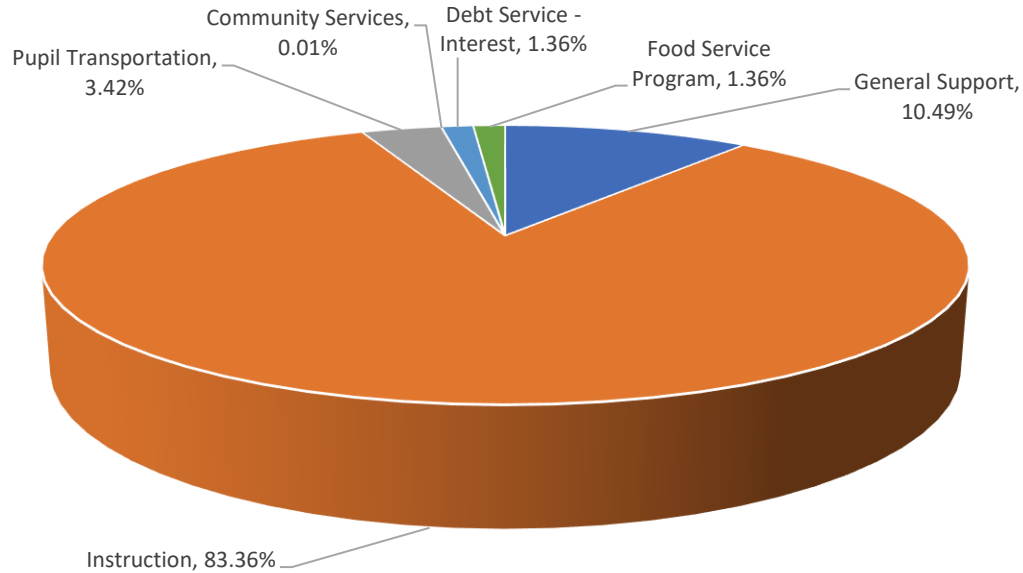
The District's expenses for the year increased by \$36,344,061, or 14.39%, which is primarily attributable to increases in instruction of \$34,172,794 or 16.53%, pupil transportation expenses of \$793,014, or 8.71% and debt service-interest of \$2,760,705 or 237.83% offset by decreases in general support of \$954,340 or 3.05% and food service program of \$432,493 or 9.93%. These increases are primarily attributable to the increases in instructional expenses, pupil transportation and increases interest rate on borrowings. The decreases in general support can be primarily attributed to a decrease in general support and savings from various building improvements. The decrease in the food service program can be primarily attributed to a decrease in reimbursement rates from the Federal and State governments on meals served.

Table A-5: Revenues for Fiscal Year 2023 (see Table A-4):



**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table A-6: Expenses for Fiscal Year 2023 (see Table A-4):



C. Governmental Activities

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

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2022
General support	\$ 30,316,594	\$ 31,270,934	\$ 29,307,216	\$ 29,558,445
Instruction	240,864,025	206,691,231	210,507,697	180,233,103
Pupil transportation	9,902,354	9,109,340	9,902,354	8,968,386
Community services	12,067	7,686	12,067	7,686
Food service program	3,922,042	4,354,535	(496,968)	(651,905)
Debt service - interest	3,921,485	1,160,780	3,921,485	1,160,780
Total	<u>\$288,938,567</u>	<u>\$252,594,506</u>	<u>\$253,153,851</u>	<u>\$219,276,495</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The cost of all governmental activities this year was \$288,938,567. (Statement of Activities and Changes in Net Position - Expenses column)
- The users of the District's programs financed \$1,653,988 of the cost. (Statement of Activities and Changes in Net Position - Charges For Services column)
- The State and federal governments subsidized certain programs with operating grants of \$31,292,734 (Statement of Activities and Changes in Net Position - Operating Grants and Contributions column)
- The State and federal governments subsidized certain programs with capital grants of \$2,837,994 (Statement of Activities and Changes in Net Position - Capital Grants and Contributions column)
- Most of the District's net costs of \$253,153,851 were financed by District taxpayers and state aid. (Statements of Activities and Changes in Net Position - Net (Expense) Revenue and Changes in Net Position column)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$2,562,094, which is an increase of \$16,378,569 over the prior year. This increase is primarily attributed to an increase in fund balance in the general fund, school food service fund, and the debt service fund offset by decreases in fund balance in the special revenue fund and capital projects fund. A summary of the change in fund balance by fund is as follows:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2023	2022	Increase/ (Decrease)	Percentage Change
General Fund				
Nonspendable - Advances to other Funds	\$ -	431,647	(431,647)	(100.00%)
Restricted for workers' compensation	6,544,294	2,002,132	4,542,162	226.87%
Restricted for retirement contribution -NYSERS	5,138,951	2,094,837	3,044,114	145.32%
Restricted for workers' compensation -NYSTRS	2,795,023	1,405,427	1,389,596	98.87%
Restricted for employee benefit accrued liability	6,077,839	2,408,975	3,668,864	152.30%
Restricted for unemployment insurance	1,170,702	1,146,558	24,144	2.11%
Restricted for insurance	433,544	316,871	116,673	36.82%
Restricted for capital	4,084,233	4,000,000	84,233	2.11%
Assigned - appropriated for: subsequent year's expenditures	5,812,059	6,134,578	(322,519)	(5.26%)
Assigned - unappropriated for:				
General support	238,649	29,480	209,169	709.53%
Instruction	494,452	67,162	427,290	636.21%
Employee benefits	498	-	498	100.00%
Unassigned fund balance	11,975,995	8,132,293	3,843,702	47.26%
Total Fund Balance - General Fund	44,766,239	28,169,960	16,596,279	58.91%
School Food Service Fund				
Nonspendable - inventory	36,090	43,997	(7,907)	(17.97%)
Assigned	58,429	(431,647)	490,076	(113.54%)
Total Fund Balance - School Food Service Fund	94,519	(387,650)	482,169	(124.38%)
Special Revenue Fund				
Restricted for Scholarships	18,658	18,426	232	1.26%
Restricted for Extraclassroom and other Student Activities	116,574	139,735	(23,161)	(16.57%)
Total Fund Balance - School Food Service Fund	135,232	158,161	(22,929)	(14.50%)
Capital Projects Fund				
Unassigned	(42,444,819)	(41,767,644)	(677,175)	1.62%
Total Fund Balance - Capital Projects Fund	(42,444,819)	(41,767,644)	(677,175)	1.62%
Debt Service Fund				
Restricted	10,923	10,698	225	2.10%
Total Fund Balance - Debt Service Fund	10,923	10,698	225	2.10%
Total Fund Balance - all funds	\$ 2,562,094	(13,816,475)	16,378,569	118.54%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

A. General Fund

The general fund – fund balance increased by \$16,596,279 during the year as compared to an increase of \$5,232,755 in the prior year. Actual operating revenues increased by \$32,851,039, mainly due to increases in charges for services of \$1,203,249, use of money and property of \$1,051,879, miscellaneous revenues of \$1,729,528, and State sources of \$29,064,748 offset by decrease federal sources of \$942,282. Actual operating expenditures increased \$21,502,417, mainly due to increases in instruction of \$18,396,969, pupil transportation of \$841,770, employee benefits of \$3,153,523, debt service-principal of \$1,123,204 and debt service-interest of \$1,125,621 offset by a decrease in general support of \$3,140,710. The general fund transferred \$478,504 and \$250,000 to the special aid and capital projects funds, respectively.

B. School Food Service Fund

The net change in the school food service fund – fund balance is an increase of \$482,169 during the year as compared to an operating decrease of \$743,186 in the prior year. This increase was primarily due to operating revenue in excess of expenditures.

C. Special Revenue Fund

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

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$677,175, which is the result of capital outlay for the year in excess of revenues.

E. Debt Service Fund

The net change in the debt service – fund balance is an increase of \$225, which is the result of interest earned for the year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Adopted Budget

The District’s general fund original budget for the year ended June 30, 2023 was \$274,709,957. This amount was increased by encumbrances carried forward from the prior year in the amount of \$96,642 and budget revisions of \$35,279, which resulted in a final budget of \$274,841,878. The majority of the funding for the final budget was estimated to come from property taxes and STAR revenues of \$75,934,370 and state aid of \$186,841,009.

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Opening, unassigned fund balance,	\$ 8,132,293
Revenues over budget	8,788,474
Expenditures and encumbrances under budget	13,305,426
Decrease in nonspendable	431,647
Transfers to reserves	(12,588,136)
Allocation of interest to reserves	(281,650)
Assigned, appropriated for June 30, 2022 budget	<u>(5,812,059)</u>
Closing, unassigned fund balance	<u><u>\$ 11,975,995</u></u>

Opening, Unassigned Fund Balance

The \$8,132,293 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned. The unassigned fund balance equaled 2.96% of the ensuing year's budget, which exceeded the statutory maximum of 4.00% according to New York State Real Property Tax Law.

Revenues Over Budget

The revenues over budget of \$8,788,474 were primarily attributable to other real property tax items, charges for services, use of money and property, sale of property and compensation for loss, miscellaneous revenues, interfund revenues, state sources, and federal sources. (See Supplemental Schedule 1 for details).

Expenditures and Encumbrances Under Budget

The expenditures and encumbrances under budget of \$13,305,426 were primarily in staff, central services, special items, instruction, administration and improvement, teaching – regular school, occupational education, instructional media, employee benefits, and transfers to other funds offset by programs for children with disabilities, teaching – special schools, pupil transportation, and debt service principal and interest. (See Supplemental Schedule 1 for details).

Decrease in Nonspendable

During the current year, the nonspendable-advances to other funds was decreased by \$431,647 for interfund receivables due from the school food service funds, resulting in an increase in unassigned fund balance of \$431,647.

Transfers to Reserves

Monies transferred from budget lines within the general fund operating budget into required reserves do not affect the combined fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfers. During the current year, the District transferred \$4,500,000 to the workers' compensation reserve, \$3,000,000 to the retirement contribution reserve-employees' retirement system, \$1,360,000 to the retirement contribution reserve-teachers' retirement system, \$3,618,136 to the employee benefit accrued liability reserve, and \$110,000 to the insurance reserve.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Interest Allocated to Reserves

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

Workers' compensation	\$ 42,162
Retirement contribution - NYS employees' retirement system	44,114
Retirement contribution - NYS teachers' retirement system	29,596
Employee benefit accrued liability	50,728
Unemployment insurance	24,144
Capital	84,233
Insurance	6,673
	<hr/>
Total interest allocation	<u>\$ 281,650</u>

Assigned Appropriated Fund Balance

The District has chosen to use \$5,812,059 of its available June 30, 2023 fund balance to partially fund its 2023-2024 voter approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summarized changes shown in the previous table, the District will begin the 2023-2024 fiscal year with an unassigned fund balance of \$11,975,995. This is an increase of \$3,843,702 in unassigned fund balance from the prior year. This amount is 4.0% of the 2023-2024 adopted budget and is within the statutory maximum established by New York State Real Property Tax Law.

6. CAPITAL ASSET, RIGHT TO USE ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2023. A summary of the District's capital assets net of depreciation are as follows:

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

Category	2023	2022	Increase (Decrease)	Percentage Change
Land	\$ 1,695,948	1,695,948	-	0.00%
Construction in progress	14,936,541	64,872,366	(49,935,825)	(76.98%)
Buildings & improvements	131,774,613	68,927,285	62,847,328	91.18%
Furniture & equipment	4,812,448	8,134,048	(3,321,600)	(40.84%)
Site improvements	2,324,180	2,398,220	(74,040)	(3.09%)
Subtotal	155,543,730	146,027,867	9,515,863	6.51%
Less accumulated depreciation	55,887,800	59,417,767	(3,529,967)	(5.94%)
Total	<u>\$ 99,655,930</u>	<u>86,610,100</u>	<u>13,045,830</u>	15.06%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District spent \$15,299,000 from the capital projects fund on building improvements and purchases of furniture and equipment, and \$67,202, \$57,215 and \$198,474 from the general fund, school lunch fund and special aid fund, respectively, on furniture and equipment purchases during the year.

B. Right to Use Assets

At June 30, 2023 and 2022, the District had right to use assets-lease assets, net of amortization for portable classroom had various District locations of \$63,860 and \$447,022, respectively. These assets are amortized over the short of the useful life of the asset or the life of the lease.

C. Debt Administration

At June 30, 2023, the District had total bonds payable of \$7,150,000, energy performance contract debt of \$10,751,012 and leases payable of \$71,858. Principal payments were made in the amount of \$3,645,000 for serial bonds and \$418,822 for leases payable. No principal payments were on the energy performance contract debt. See Note 14 for more detailed information about the District's long-term debt.

A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase/ (Decrease)
Serial bonds	\$ 7,150,000	10,795,000	(3,645,000)
Leases payable	71,858	490,680	(418,822)
Total Debt	<u>\$ 17,972,870</u>	<u>11,285,680</u>	<u>6,687,190</u>

On May 15, 2018, the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. The District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs & windows and health & safety improvements in District schools and issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. The District has not issued any bonds related to these projects.

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

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A.** On May 16, 2023 the proposed 2023-2024 budget in the amount of \$299,399,867 was authorized by the District's residents. The budget passed by 69.61% of those who voted. This is an increase of \$24,689,910, or 8.99% over the previous year's budget. The increase was primarily due to increases in general and instruction services.
- B.** On May 15, 2018, 71.77% of the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. As of June 30, 2023, the District has not issued any bonds related to this project.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- C.** On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs & windows and health & safety improvements in District schools and issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. The District has not issued any bonds related to these projects.
- D.** Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services, uncertainty with state aid and the enactment of the Real Property Tax Levy Limit (“Tax Cap”) Law by New York State which will continue to impact the District’s ability to fund its current cost of services (see below).
- E.** The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.
- F.** The District issued revenue anticipation notes on July 11, 2023, in the amount of \$43,000,000, which will mature on June 28, 2024 bearing a stated interest rate of 5.00%. The District received a premium of \$400,330 with the borrowing to yield an effective interest rate of 3.90%.
- G.** The District issued bond anticipation notes on July 11, 2023, in the amount of \$42,660,000, which will mature on July 11, 2024 bearing a stated interest rate of 4.75%. The District received a premium of \$377,551 with the borrowing to yield an effective interest rate of 3.55%.
- H.** The District is in the process of a capital asset appraisal. These reports were not available to be included at the time of issuance in these financial statements.

8. CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

ASSETS

Current assets

Cash		
Unrestricted	\$	32,492,072
Restricted		36,579,811
Receivables		
Taxes receivable		3,261,362
State and federal aid		29,646,374
Due from other governments		2,752,307
Accounts receivable		283,810
Inventories		36,090

Non-current assets

Capital assets		
Capital assets not being depreciated		16,632,489
Capital assets being depreciated, net of accumulated depreciation		83,023,441
Right to use assets-lease assets, net of amortization		63,860

TOTAL ASSETS		204,771,616
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - NYSERS	5,930,382
Deferred outflows of resources - NYSTRS	38,555,172
Total other post-employment benefit obligation	51,215,969

TOTAL DEFERRED OUTFLOWS OF RESOURCES	95,701,523
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 300,473,139
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LIABILITIES

Payables		
Accounts payable	\$	18,041,848
Accrued liabilities		2,673,548
Accrued interest payable		2,086,052
Bond anticipation note payable		68,425,000
Due to other governments		1,774,612
Due to teachers' retirement system		7,906,126
Due to employees' retirement system		492,312
Compensated absences payable		796,201
Unearned credits		
Collections in advance		246,487
Long-term liabilities		
Due and payable within one year		
Bonds payable		1,710,000
Energy performance contract debt		310,026
Leases payable		71,858
Compensated absences payable		1,000,000
Due and payable after one year		
Bonds payable		5,440,000
Energy performance contract debt		10,440,986
Compensated absences payable		6,233,785
Termination benefits payable		368,500
Workers' compensation claims payable		7,134,202
Net pension liability - proportionate share NYSERS		8,090,517
Net pension liability - proportionate share NYSTRS		6,966,014
Total other post-employment benefits obligation		282,787,841

TOTAL LIABILITIES	432,995,915
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - NYSERS	736,102
Deferred inflows of resources - NYSTRS	3,620,637
Total other post-employment benefits obligation	113,477,079

TOTAL DEFERRED INFLOWS OF RESOURCES	117,833,818
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NET POSITION

Net investment in capital assets	46,180,921
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Restricted

Workers' compensation	6,544,294
Retirement contribution - NYS employees' retirement system	5,138,951
Retirement contribution - NYS teachers' retirement system	2,795,023
Employee benefit accrued liability	6,077,839
Unemployment insurance	1,170,702
Insurance	433,544
Capital projects	4,084,233
Debt service	10,923
Scholarships	18,658
Extraclassroom and other student activities	116,574

Unrestricted (deficit)	(322,928,256)
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TOTAL NET POSITION (DEFICIT)	(250,356,594)
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ 300,473,139
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**HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS / PROGRAMS	Expenses				
General support	\$ (30,316,594)	\$ -	\$ 1,009,378	\$ -	\$ (29,307,216)
Instruction	(240,864,025)	1,582,805	25,935,529	2,837,994	(210,507,697)
Pupil transportation	(9,902,354)	-	-	-	(9,902,354)
Community services	(12,067)	-	-	-	(12,067)
Food service program	(3,922,042)	71,183	4,347,827	-	496,968
Debt service - interest	(3,921,485)	-	-	-	(3,921,485)
TOTAL FUNCTIONS AND PROGRAMS	\$ (288,938,567)	\$ 1,653,988	\$ 31,292,734	\$ 2,837,994	(253,153,851)
GENERAL REVENUES					
Real property taxes					72,077,986
Other tax items - including STAR reimbursement					9,389,231
Use of money and property					1,124,232
Sale of property and compensation for loss					439,537
Miscellaneous					4,614,475
State sources					187,964,585
Medicaid reimbursement					276,157
TOTAL GENERAL REVENUES					275,886,203
CHANGE IN NET POSITION					22,732,352
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					(273,088,946)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					\$ (250,356,594)

HEMPSTEAD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 31,677,110	\$ 355,663	\$ 459,299	\$ -	\$ -	\$ -	\$ 32,492,072
Restricted	26,244,586	-	-	117,770	10,217,455	-	36,579,811
Receivables							
Taxes receivable	3,261,362	-	-	-	-	-	3,261,362
State and federal aid	7,110,807	20,856,726	328,407	-	1,350,434	-	29,646,374
Due from other governments	2,752,307	-	-	-	-	-	2,752,307
Accounts receivable	283,810	-	-	-	-	-	283,810
Due from governmental funds	20,972,076	-	-	17,462	21,871,296	10,923	42,871,757
Inventories	-	-	36,090	-	-	-	36,090
TOTAL ASSETS	<u>\$ 92,302,058</u>	<u>\$ 21,212,389</u>	<u>\$ 823,796</u>	<u>\$ 135,232</u>	<u>\$ 33,439,185</u>	<u>\$ 10,923</u>	<u>\$ 147,923,583</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE							
Payables							
Accounts payable	\$ 9,862,448	\$ 604,874	\$ 115,522	\$ -	\$ 7,459,004	\$ -	\$ 18,041,848
Accrued liabilities	2,670,840	1,436	1,272	-	-	-	2,673,548
Bond anticipation note payable	-	-	-	-	68,425,000	-	68,425,000
Due to other governments	1,774,612	-	-	-	-	-	1,774,612
Due to governmental funds	21,899,682	20,359,592	612,483	-	-	-	42,871,757
Due to teachers' retirement system	7,906,126	-	-	-	-	-	7,906,126
Due to employees' retirement system	492,312	-	-	-	-	-	492,312
Compensated absences	796,201	-	-	-	-	-	796,201
Unearned credits							
Collections in advance	-	246,487	-	-	-	-	246,487
TOTAL LIABILITIES	<u>45,402,221</u>	<u>21,212,389</u>	<u>729,277</u>	<u>-</u>	<u>75,884,004</u>	<u>-</u>	<u>143,227,891</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	2,133,598	-	-	-	-	-	2,133,598
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,133,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,133,598</u>
FUND BALANCES							
Non-Spendable							
Inventory	-	-	36,090	-	-	-	36,090
Restricted							
Workers' compensation	6,544,294	-	-	-	-	-	6,544,294
Retirement contribution - NYS employees' retirement system	5,138,951	-	-	-	-	-	5,138,951
Retirement contribution - NYS teachers' retirement system	2,795,023	-	-	-	-	-	2,795,023
Employee benefit accrued liability	6,077,839	-	-	-	-	-	6,077,839
Unemployment insurance	1,170,702	-	-	-	-	-	1,170,702
Insurance	433,544	-	-	-	-	-	433,544
Capital	4,084,233	-	-	-	-	-	4,084,233
Debt service	-	-	-	-	-	10,923	10,923
Scholarships	-	-	-	18,658	-	-	18,658
Extraclassroom and other student activities	-	-	-	116,574	-	-	116,574
Assigned							
Appropriated fund balance	5,812,059	-	-	-	-	-	5,812,059
Unappropriated fund balance	733,599	-	58,429	-	-	-	792,028
Unassigned							
Unassigned fund balance	11,975,995	-	-	-	(42,444,819)	-	(30,468,824)
TOTAL FUND BALANCES	<u>44,766,239</u>	<u>-</u>	<u>94,519</u>	<u>135,232</u>	<u>(42,444,819)</u>	<u>10,923</u>	<u>2,562,094</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 92,302,058</u>	<u>\$ 21,212,389</u>	<u>\$ 823,796</u>	<u>\$ 135,232</u>	<u>\$ 33,439,185</u>	<u>\$ 10,923</u>	<u>\$ 147,923,583</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Fund Balances \$ 2,562,094

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

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

Original cost of capital assets	\$ 155,543,730	
Accumulated depreciation	<u>(55,887,800)</u>	99,655,930

Intangible assets - lease assets, net of amortization, used in governmental activities are not current financial resources and, therefore, are not reported in the funds

Original cost of right to use assets - lease assets	1,915,810	
Accumulated depreciation	<u>(1,851,950)</u>	63,860

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenues under the modified accrual method. 2,133,598

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

Proportionate share of net pension liability - NYSTRS	(6,966,014)	
Proportionate share of net pension liability - NYSERS	(8,090,517)	
Deferred outflows of resources - NYSERS and NYSTRS pension related	44,485,554	
Deferred inflows of resources - NYSERS and NYSTRS pension related	<u>(4,356,739)</u>	25,072,284

Long-term liability and related deferred outflows and inflows associated with total other post-employment benefit obligation are not current financial resources or obligations and are not reported in the funds:

Deferred outflows of resources - OPEB related	51,215,969	
Total other post-employment benefits obligation	(282,787,841)	
Deferred inflows of resources - OPEB related	<u>(113,477,079)</u>	(345,048,951)

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

Bonds payable	(7,150,000)	
Energy performance contract debt	(10,751,012)	
Leases payable	(71,858)	
Workers' compensation claims payable	(7,134,202)	
Compensated absences payable	(7,233,785)	
Termination benefits payable	<u>(368,500)</u>	(32,709,357)

Interest payable applicable to the District's activities are due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position. (2,086,052)

Total Net Position (Deficit)		<u><u>\$ (250,356,594)</u></u>
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HEMPSTEAD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Food Service	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 72,077,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,077,986
Other tax items - including STAR reimbursement	9,389,231	-	-	-	-	-	9,389,231
Charges for services	1,550,063	-	-	-	-	-	1,550,063
Use of money and property	1,123,138	-	516	353	-	225	1,124,232
Sale of property and compensation for loss	439,537	-	-	-	-	-	439,537
Miscellaneous	4,213,178	-	2,346	87,008	-	-	4,302,532
Interfund revenues	258,461	-	-	-	-	-	258,461
State sources	187,964,585	8,726,231	75,290	-	2,837,994	-	199,604,100
Medicaid reimbursement	276,157	-	-	-	-	-	276,157
Federal sources	106,796	18,111,880	4,094,929	-	-	-	22,313,605
Surplus food	-	-	177,608	-	-	-	177,608
Sales	-	-	71,183	-	-	-	71,183
TOTAL REVENUES	277,399,132	26,838,111	4,421,872	87,361	2,837,994	225	311,584,695
EXPENDITURES							
General support	23,578,192	1,009,378	-	-	-	-	24,587,570
Instruction	178,148,764	26,307,237	-	110,290	-	-	204,566,291
Pupil transportation	9,807,033	-	-	-	-	-	9,807,033
Community services	7,700	-	-	-	-	-	7,700
Employee benefits	41,293,565	-	786,586	-	-	-	42,080,151
Debt service - Principal	4,846,641	-	-	-	-	-	4,846,641
Debt service - Interest	2,392,454	-	-	-	-	-	2,392,454
Cost of sales	-	-	3,153,117	-	-	-	3,153,117
Capital outlay	-	-	-	-	15,299,000	-	15,299,000
TOTAL EXPENDITURES	260,074,349	27,316,615	3,939,703	110,290	15,299,000	-	306,739,957
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,324,783	(478,504)	482,169	(22,929)	(12,461,006)	225	4,844,738
OTHER FINANCING SOURCES AND USES							
Proceeds from energy performance contract	-	-	-	-	10,751,012	-	10,751,012
BANs redeemed from appropriations	-	-	-	-	782,819	-	782,819
Operating transfers in	-	478,504	-	-	250,000	-	728,504
Operating transfers (out)	(728,504)	-	-	-	-	-	(728,504)
TOTAL OTHER FINANCING SOURCES (USES)	(728,504)	478,504	-	-	11,783,831	-	11,533,831
NET CHANGE IN FUND BALANCES	16,596,279	-	482,169	(22,929)	(677,175)	225	16,378,569
FUND BALANCES - BEGINNING OF YEAR	28,169,960	-	(387,650)	158,161	(41,767,644)	10,698	(13,816,475)
FUND BALANCES - END OF YEAR	\$ 44,766,239	\$ -	\$ 94,519	\$ 135,232	\$ (42,444,819)	\$ 10,923	\$ 2,562,094

HEMPSTEAD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance \$ 16,378,569

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

Long-Term Revenue and Expense Differences

Deferred inflows of resources - The Statement of Net Position recognized revenue received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.	344,685
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2023 changed by:	(528,708)
In the Statement of Activities, termination benefits payable are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Termination benefits payable for the fiscal year ended June 30, 2023 changed by:	21,500
Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable for the fiscal year ended June 30, 2023 changed by:	(765,117)
Total other post-employment benefits obligation in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Total other post-employment benefits obligation for the fiscal year ended June 30, 2023 changed by:	(32,030,041)
Deferred inflows related to total other post-employment benefits in the Statement of Activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred inflows related to total other post-employment benefits for the fiscal year ended June 30, 2023 changed by:	30,435,976
Deferred outflows related to total net other post-employment benefits in the Statement of Activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred inflows related to total other post-employment benefits for the fiscal year ended June 30, 2023 changed by:	8,267,292

Capital Related Differences

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

Capital outlays	\$ 15,621,891	
Loss on disposals	(540,881)	
Depreciation expense	<u>(2,035,180)</u>	13,045,830

Right-to-use assets-lease 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 amortization expense in the Statement of Activities. (383,162)

Long-Term Debt Transaction Differences

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

Bonds payable	3,645,000	
Leases payable	<u>418,822</u>	4,063,822

Proceeds from energy performance contract is revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (10,751,012)

Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest for the fiscal year ended June 30, 2023 changed by: (1,529,031)

Pension Differences

Increases/decreases in proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

New York State Employees' retirement system	(1,447,743)	
New York State Teachers' retirement system	<u>(2,390,508)</u>	<u>(3,838,251)</u>

Change in Net Position of Governmental Activities \$ 22,732,352

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

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

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

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

B) Joint venture:

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

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

ii) Fund Financial Statements:

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

The District financial statements reflect the following major funds:

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

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

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

D) Measurement focus and basis of accounting:

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

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

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

E) Real property taxes:

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

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

Refer to Note 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, leases payable, compensated absences, termination benefits, claims payable, workers' compensation claims, net pension liability – proportionate share, potential contingent liabilities, other postemployment benefits, and useful lives of capital and right to use assets.

I) Cash and cash equivalents:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

J) Restricted cash:

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

K) Receivables:

Receivables are shown net of allowance for uncollectible amounts, when applicable. An allowance for uncollectible accounts represents the portion of receivables that is not expected to be collected.

L) Inventories and prepaid items:

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Federal Government's assigned value, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

An amount for these non-liquid assets (inventories) has been recognized in the school food service fund as non-spendable fund balance under GASB Statement No. 54 to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2023.

M) Capital assets:

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

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

N) Intangible assets - lease assets:

Right to use - lease assets are reported at the present value of remaining future lease payments remaining on the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which right-to-use lease asset acquisitions are added to the right-to-use lease asset accounts), amortization methods, and estimated useful lives of right-to-use lease assets reported in the District-wide Financial Statements follow the same thresholds as noted above for capital assets.

O) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. See Note 9 for further detail.

P) Deferred outflows and inflows of resources:

The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and the other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 16.

The Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 16.

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Q) Employee benefits – Compensated absences and termination benefits:

Compensated absences

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

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

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

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

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

Termination benefits

In addition to the compensated absences, the teachers assistants contracts with the District provide for the lump sum payment upon termination of \$4,000, \$5,500 or \$8,500 after 10, 15 or 20 years of employment, respectively. The current estimated value of the payout is \$368,500 and is recorded as a long-term liability in the Statement of Net Position.

In the fund financial statements only the amount of matured liabilities is accrued within the general fund.

R) Other benefits:

District employees participate in the New York State and Local Employees' Retirement System or the New York State Teachers' Retirement System.

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

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-wide statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

S) Short-term debt:

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Refer to Note 13 for a detailed disclosure short-term debt activity.

T) Accrued liabilities and long-term obligations:

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. claims and judgments, compensated absences, termination benefits, net pension liability-proportionate share, and other post-employment benefits that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent they have matured. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position.

U) Equity classifications:

i) District-Wide Financial Statements

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

Net investment in capital assets – Consists of net capital assets and right-to-use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets (net of unspent proceeds).

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

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

ii) Fund Financial Statements

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

- 1) Non-spendable fund balance** - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school food service fund of \$36,090.
- 2) Restricted fund balance** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

Workers' Compensation Reserve

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

Unemployment Insurance Reserve

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

Insurance Reserve

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund as restricted fund balance.

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund.

Restricted for Debt Service

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the special revenue fund under restricted fund balance and amounted to \$18,658 at June 30, 2023.

Restricted for Extraclassroom and Other Student Activities

Amounts restricted for extraclassroom and other student activities are used to account for funds contributed and deposited by students. These restricted funds are accounted for in the special revenue fund under restricted fund balance and amounted to \$116,574 at June 30, 2023.

- 3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2023.
- 4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted or committed at the end of the fiscal year.
- 5) **Unassigned fund balance** - Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The capital projects fund had a deficit fund balance of \$42,444,819. This will be funded when the District obtains permanent financing from its current construction project through bond issuances.

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

Order of Use of Fund Balance:

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

V) Change in accounting standard:

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability for future subscription payments. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required, as it did not have a material impact on its financial statements.

W) Future changes in accounting standards:

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

GASB Statement No. 99, *Omnibus 2022*. Effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections* — an amendment of GASB Statement No. 62. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

These are the statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact other pronouncements may have on its financial statements and will implement them as applicable and when material.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

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

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

Budget Revisions:

Employee benefit accrued liability	
Donations	\$ 5,000
Adult education fees	<u>30,279</u>
Total Budget Revisions	<u>\$ 35,279</u>

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

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

B) Encumbrances:

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

A) Cash:

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

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

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

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

As of June 30, 2023 the District has \$4,938,634 of bank balances, not covered by collateral FDIC insurance, which were exposed to custodial credit risk as described above at year end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by the legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2023 included \$23,991,675 within the governmental funds for general reserve purposes in the general fund, scholarships and extraclassroom and other student activities in the special revenue fund and unspent debt proceeds in capital projects fund.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the year ended June 30, 2023, the District was billed \$40,304,818 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,452,857. Financial statements for the Nassau BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, New York 11530.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2023 consisted of the following:

General fund

New York State Aid

Excess cost aid	\$ 2,965,046
BOCES aid	3,392,057
General aid	533,206
Other state aid	220,498
	<hr/>
Total general fund	7,110,807

Special aid fund

State aid	7,568,596
Federal aid	13,288,130
	<hr/>
Total special aid fund	20,856,726

School food service fund

State food service program reimbursement	14,054
Federal food service program reimbursement	314,353
	<hr/>
Total school food service fund	328,407

Capital projects fund

State aid - SmartBonds	1,350,434
	<hr/>
Total capital projects fund	1,350,434

Total - all funds	<u><u>\$ 29,646,374</u></u>
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District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General fund

PILOTs	\$ 1,298,400
Other districts - tuition	1,453,907
	<hr/>
Total	<u><u>\$ 2,752,307</u></u>

District management has deemed the amounts to be fully collectible.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2023 consisted of the following:

General fund	
Other Districts - Tuition and health services	\$ 1,774,612
 Total	 <u>\$ 1,774,612</u>

NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2023 consisted of the following:

Special aid fund	
Grant funds received in advance	<u>\$ 246,487</u>

NOTE 10 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,695,948	\$ -	\$ -	\$ 1,695,948
Construction in progress	64,872,366	15,299,000	(65,234,825)	14,936,541
Total capital assets not depreciated	<u>66,568,314</u>	<u>15,299,000</u>	<u>(65,234,825)</u>	<u>16,632,489</u>
Capital assets that are depreciated:				
Building & building improvements	68,927,285	-	62,847,328	131,774,613
Furniture and equipment	8,134,048	322,891	(3,644,491)	4,812,448
Site improvement	2,398,220	-	(74,040)	2,324,180
Total depreciable historical cost	<u>79,459,553</u>	<u>322,891</u>	<u>59,128,797</u>	<u>138,911,241</u>
Less accumulated depreciation:				
Building & building improvements	50,395,089	1,627,111	(1,606,781)	50,415,419
Furniture and equipment	6,912,810	370,669	(3,817,788)	3,465,691
Site improvement	2,109,868	37,400	(140,578)	2,006,690
Total accumulated depreciation	<u>59,417,767</u>	<u>2,035,180</u>	<u>(5,565,147)</u>	<u>55,887,800</u>
Total capital assets, net	<u>\$ 86,610,100</u>	<u>\$ 13,586,711</u>	<u>\$ (540,881)</u>	<u>\$ 99,655,930</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Depreciation expense and loss on disposals were charged to governmental functions as follows:

General support	\$ 52,959
Instruction	2,457,997
Transportation	25,551
School food service	39,554
	<u>\$ 2,576,061</u>

NOTE 11 – RIGHT TO USE ASSETS - LEASE ASSETS

The following schedule summarizes the District's right to use assets - lease assets activity for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible assets - lease assets				
Portable classrooms	\$ 1,915,810	\$ -	\$ -	1,915,810
Total intangible assets - lease assets being amortized	1,915,810	-	-	1,915,810
Less accumulated amortization:				
Portable classrooms	1,468,788	383,162		1,851,950
Total accumulated amortization	1,468,788	383,162		1,851,950
Total intangible assets - lease assets, net	<u>\$ 447,022</u>	<u>\$ (383,162)</u>	<u>\$ -</u>	<u>\$ 63,860</u>

Amortization expense of \$383,162 was charged to governmental functions as instruction.

NOTE 12 – INTERFUND TRANSACTIONS:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General fund	\$ 20,972,076	21,899,682	-	728,504
Special aid fund	-	20,359,592	478,504	-
School food service	-	612,483	-	-
Special revenue fund	17,462	-	-	-
Capital projects fund	21,871,296	-	250,000	-
Debt service fund	10,923	-	-	-
Total government activities	<u>\$ 42,871,757</u>	<u>42,871,757</u>	<u>728,504</u>	<u>728,504</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

The District made a \$250,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2022-2023 school budget to fund various school improvement projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 13 - SHORT-TERM DEBT:

During the fiscal year ended June 30, 2023, the District issued and redeemed revenue anticipation notes in the amount of \$43,000,000 and issued bond anticipation notes of \$68,425,000. Additionally, the District redeemed \$44,207,819 of bond anticipation notes. The debt was issued for interim financing of general fund operations and capital projects. Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/13/2022	1.00%	25,480,000	\$ -	\$ 25,480,000	\$ -
BAN	11/30/2022	1.50%	18,727,819	-	18,727,819	-
RAN	6/30/2023	3.75%	-	43,000,000	43,000,000	-
BAN	7/12/2023	4.00%	-	25,040,000	-	25,040,000
BAN	7/12/2023	4.50%	-	18,385,000	-	18,385,000
BAN	4/29/2024	4.00%	-	25,000,000	-	25,000,000
Total			<u>\$ 44,207,819</u>	<u>\$ 111,425,000</u>	<u>\$ 87,207,819</u>	<u>\$ 68,425,000</u>

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

	Total
Interest paid	\$ 2,092,467
Less interest accrued in the prior year	(408,051)
Plus interest accrued in the current year	<u>1,651,947</u>
Total expense	<u>\$ 3,336,363</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 – LONG-TERM DEBT OBLIGATIONS:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt:					
Bonds payable	\$ 10,795,000	\$ -	\$ 3,645,000	\$ 7,150,000	\$ 1,710,000
Energy performance contract debt payable	-	10,751,012	-	10,751,012	310,026
Leases payable	490,680	-	418,822	71,858	71,858
Other long-term liabilities:					
Compensated absences payable	6,705,077	1,780,253	1,251,545	7,233,785	1,000,000
Termination benefits payable	390,000	-	21,500	368,500	-
Workers' compensation claims payable	6,369,085	3,567,219	2,802,102	7,134,202	-
Net pension liability- proportionate share-NYSERS	-	21,544,458	13,453,941	8,090,517	-
Net pension liability- proportionate share-NYSTRS	-	57,927,688	50,961,674	6,966,014	-
Total other post-employment benefits obligation	250,757,800	41,286,958	9,256,917	282,787,841	-
Total long-term liabilities	<u>\$275,507,642</u>	<u>\$136,857,588</u>	<u>\$ 81,811,501</u>	<u>\$330,553,729</u>	<u>\$ 3,091,884</u>

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

A) Bonds payable

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	06/01/09	06/01/24	4.00 - 5.00%	\$ 560,000
Serial Bonds	07/18/13	07/15/28	3.00 - 4.00%	3,915,000
QZAB Bonds	10/02/13	07/15/28	1.15 - 5.30%	2,195,000
Serial Bonds	07/17/14	07/15/24	2.00 - 3.00%	480,000
				<u>\$ 7,150,000</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,710,000	\$ 280,684	\$ 1,990,684
2025	1,200,000	207,268	1,407,268
2026	995,000	163,652	1,158,652
2027	1,040,000	121,042	1,161,042
2028	1,080,000	74,563	1,154,563
2029	1,125,000	25,198	1,150,198
	<u>\$ 7,150,000</u>	<u>\$ 872,407</u>	<u>\$ 8,022,407</u>

Unissued Debt

On June 13, 2006, the voters authorized the issuance of bonds not to exceed \$33,317,483 to construct improvements and alterations to all District owned school buildings and sites. As of June 30, 2023, the District had issued \$32,641,931 of bonds; \$675,552 of bonds had not been issued. The projects are completed and expenditures are recorded in the capital projects fund

On March 15, 2011, the voters authorized the issuance of bonds not to exceed \$18,135,084 for the Prospect School Bond Project. As of June 30, 2023, the District had issued \$14,920,000 of bonds and \$3,215,084 of funding was provided by State sources and the general fund.

The related projects on the June 13, 2006 and March 15, 2011, are completed and expenditures are recorded in the capital projects fund. As of June 30, 2023, the District does not plan to issue the remaining balance and has utilized local sources to finance the projects.

On May 15, 2018, the voters authorized the issuance of bonds not to exceed \$46,844,112 for the demolition and replacement of the Marguerite G. Rhodes School. As of June 30, 2023, the District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$44,216,156 for the replacement of roofs and windows and health & safety improvements in District schools. As of June 30, 2023, the District has not issued any bonds related to this project.

On May 17, 2022, the voters authorized the issuance of bonds not to exceed \$42,280,453 for the addition, alterations and improvements to the ABGS Middle School. As of June 30, 2023, the District has not issued any bonds related to this project.

B) Energy performance contract:

Energy performance contract debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy performance debt	7/26/2022	7/26/2037	3.06%	<u>\$ 10,751,012</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 310,026	\$ 499,177	\$ 809,203
2025	634,448	316,691	951,139
2026	654,136	297,002	951,138
2027	674,436	276,702	951,138
2028	695,366	255,773	951,139
2029-2033	3,814,224	941,466	4,755,690
2034-2038	3,968,376	311,745	4,280,121
	<u>\$ 10,751,012</u>	<u>\$ 2,898,556</u>	<u>\$ 13,649,568</u>

C) Leases payable

Leases payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Willscott - portable classrooms	9/1/2018	8/31/2023	5.00%	<u>\$ 71,858</u>

The following is a summary of the principal and interest requirements to maturity for the District's leases:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 71,858</u>	<u>\$ 449</u>	<u>\$ 72,307</u>

D) Long-Term Interest

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

	<u>Total</u>
Interest paid	\$ 299,987
Less interest accrued in the prior year	(148,970)
Plus interest accrued in the current year	<u>434,105</u>
Total expense	<u>\$ 585,122</u>

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 – PENSION PLANS:

General information

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (collectively referred to as the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

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

Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. NYSTRS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

Year	NYSERS	NYSTRS
2023	\$ 1,480,210	\$ 7,009,060
2022	\$ 2,136,159	\$ 6,302,393
2021	\$ 1,929,074	\$ 5,758,678

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

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

	NYSERS	NYSTRS
Measurement date	March 31, 2022	June 30, 2022
District's proportionate share of the net pension liability	\$ (8,090,517)	\$ (6,966,014)
District's portion of the Plan's total net pension liability	0.0377285%	0.363023%
Change in proportion since the prior measurement date	0.0001460%	0.005914%

For the year ended June 30, 2023, the District recognized pension expense of \$2,955,195 and \$9,396,546 for NYSERS and NYSTRS, respectively. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	NYSERS	NYSTRS	NYSERS	NYSTRS
Differences between expected and actual experience	\$ 861,703	\$ 7,299,501	\$ (227,212)	\$ (139,587)
Changes of assumptions	3,929,277	13,512,889	(43,426)	(2,806,108)
Net difference between projected and actual investment earnings on pension plan investments	-	9,000,751	(47,531)	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	647,090	1,732,971	(417,933)	(674,942)
District's contributions subsequent to the measurement date	492,312	7,009,060	-	-
Total	<u>\$ 5,930,382</u>	<u>\$ 38,555,172</u>	<u>\$ (736,102)</u>	<u>\$ (3,620,637)</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended	NYSERS	NYSTRS
2024	\$ 1,125,873	\$ 5,533,538
2025	(417,908)	2,873,409
2026	1,744,103	(898,985)
2027	2,249,900	17,995,765
2028	-	2,348,824
Thereafter	-	72,924
Total	<u>\$ 4,701,968</u>	<u>\$ 27,925,475</u>

Actuarial Assumptions

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NYSERS	NYSTRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
Cost of living adjustments	1.50%	1.30%

For NYSERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For NYSTRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For NYSERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For NYSTRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation, as of the actuarial valuation date, are summarized in the following table:

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	NYSERS		NYSTRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	March 31, 2023		June 30, 2022	
Asset Type:				
Domestic equity	32.0%	4.3%	33.0%	6.5%
International equity	15.0%	6.9%	16.0%	7.2%
Private equity	10.0%	7.5%	8.0%	9.9%
Real estate equity	9.0%	4.6%	11.0%	6.2%
Opportunistic/ Absolute return strategy	3.0%	5.4%		
Real assets	3.0%	5.8%		
Fixed income	23.0%	1.5%		
Cash and cash equivalents	1.0%		1.0%	-0.3%
Credit	4.0%	5.4%		
Domestic fixed income securities			16.0%	1.1%
High-yield fixed income securities			1.0%	3.3%
Global bonds			2.0%	0.6%
Real estate debt			6.0%	2.4%
Global equities			4.0%	6.9%
Private debt			2.0%	5.3%
	100.0%		100.0%	

* Real rates of return are net of a long-term assumption of 2.90% for NYSERS and 2.50% for NYSTRS.

Discount Rate

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

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
NYSERS			
Employer's proportionate share of the net pension asset/(liability)	\$ (19,551,310)	\$ (8,090,517)	\$ 1,486,308
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
NYSTRS			
Employer's proportionate share of the net pension asset/(liability)	\$ (64,229,915)	\$ (6,966,014)	\$ 41,192,551

Pension Plan Fiduciary Net Position

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

	NYSERS	NYSTRS
	(Dollars in Thousands)	
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,473)
Plan net position	211,183,223	131,964,582
Employers' net pension liability	\$ (21,444,036)	\$ (1,918,891)
Ratio of plan net position to the Employers' total pension liability	90.78%	98.60%

Payables to the Pension Plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$492,312.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid deduction and remittance to NYSTRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employee retirement and employer contributions amounted to \$897,066 and \$7,009,060, respectively, as of June 30, 2023. Total accrued NYSTRS contributions as of June 30, 2023 amount to \$7,906,126.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Pension Plans – Other

Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. Contributions made by employees for the year ended June 30, 2023, totaled \$3,401,059.

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$123,510.

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS:

Plan Description and Benefits:

The District's OPEB plan (the "Plan") primarily provides post-employment health insurance coverage to retired employees, their spouses and their covered dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program, which is a single-employer defined benefit healthcare plan administered by New York State. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided:

Authorization for the District to pay a portion (86% to 90%) of retiree health insurance premiums was enacted through various contracts, which were ratified by the Board. The District assumes a portion of the premium costs and recognizes the cost of the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments are accrue. For the year ended June 30, 2023, the District contributed an estimated \$7,128,258 to the Plan including \$7,128,258 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any means other than the "pay as you go" method.

Employees Covered by Benefit Terms:

At June 30, 2023, the following employees were covered by the benefit terms:

Actives	833
Retirees	545
Spouses of retirees	170
Surviving spouses	17
Total members	<u>1,565</u>

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Total OPEB Liability:

The District's total OPEB liability of \$282,787,841 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Discount rate	3.65%
Salary Scale	2.40%
Healthcare cost trend rates	5.80% for 2022 - 3.80% over 50 years
Retirees' share of benefit-related costs	10% to 14% of projected health insurance premiums

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

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale with employees rates before commencement and healthy annuitant rates after benefit commencement.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

Changes in total OPEB liability:

Total OPEB liability as of July 1, 2022	<u>\$ 250,757,800</u>
Service cost	9,461,956
Interest	9,086,706
Differences between expected and actual experience	(2,128,659)
Changes of assumptions or other inputs	22,738,296
Benefit payments	<u>(7,128,258)</u>
Total net changes	<u>32,030,041</u>
Total OPEB liability as of June 30, 2023	<u><u>\$ 282,787,841</u></u>

Changes in assumptions or other inputs include the following:

- The inflation rate was changed from 2.6% to 2.4%
- The discount rate was changed from 3.54% to 3.65%.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- Salary scale rate was changed from 2.6% to 2.4%.
- Health care cost trends was changed from 5.3% decreasing to 4.1% over 55 years to 5.8% decreasing to 3.8% over 50 years.
- Mortality table was changed from MP-2019 to MP-2021.

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

The following presents the total OPEB liability of the District, calculated using the discount rate of 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ (329,377,909)	\$ (282,787,841)	\$ (245,166,787)

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

The following presents the total OPEB liability of the District, calculated using current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower (4.80%) or 1 percentage point higher (6.80%) than the current healthcare cost trend rate:

	1% Decrease (4.80% Decreasing to 2.80%)	Healthcare Cost Trend Rates (5.80% Decreasing to 3.80%)	1% Increase (6.80% Decreasing to (4.80%)
Total OPEB liability	\$ (238,567,943)	\$ (282,787,841)	\$ (339,345,042)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$455,031. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (48,700,562)
Changes of assumptions or other inputs	51,215,969	(64,776,517)
Total	\$ 51,215,969	\$ (113,477,079)

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

<u>Fiscal Year Ending June 30,</u>	
2024	\$(18,093,631)
2025	(18,093,627)
2026	(12,983,872)
2027	(15,080,959)
2028	117,374
Thereafter	<u>1,873,605</u>
	<u>\$(62,261,110)</u>

NOTE 17 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR"). As of June 30, 2023, the District has recorded potential workers' compensation claims of \$7,134,202 and has a workers' compensation reserve balance of \$2,044,294.

	<u>2023</u>	<u>2022</u>
Unpaid claims at beginning of year	\$ 6,369,085	\$ 3,468,401
Incurred claims	3,567,219	5,242,204
Claims payments and adjustments	<u>(2,802,102)</u>	<u>(2,341,520)</u>
Unpaid claims at year end	<u>\$ 7,134,202</u>	<u>\$ 6,369,085</u>

The District has not purchased any annuity contracts.

NOTE 18 - TAX ABATEMENTS:

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The amount of property tax revenue that was reduced as a result of these programs is not available. The District received payment in lieu of taxes (PILOT) payments totaling \$5,284,131.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2023 the District had \$733,599 in encumbrances.

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. Included in accrued liabilities in the general fund and on the statement of net position is \$2,654,814 of estimated legal claims. This includes a \$1,809,814 settlement with the Hempstead Classroom Teachers Association that will be paid the 2023-2024 fiscal year.

D. Debt Default

Upon default of the payment of principal or interest on the bonds and/or bond anticipation notes of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the bonds and/or bond anticipation notes.

NOTE 20 – SUBSEQUENT EVENTS:

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

The District issued revenue anticipation notes on July 11, 2023, in the amount of \$43,000,000, which will mature on June 28, 2024 bearing a stated interest rate of 5.00%. The District received a premium of \$400,330 with the borrowing to yield an effective interest rate of 3.90%.

The District issued bond anticipation notes on July 11, 2023, in the amount of \$42,660,000, which will mature on July 12, 2024 bearing a stated interest rate of 4.75%. The District received a premium of \$377,551 with the borrowing to yield an effective interest rate of 3.55%.

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 75,934,370	\$ 72,077,986	\$ 72,077,986	\$ -
Other real property tax items	4,800,000	8,656,384	9,389,231	732,847
Charges for services	-	30,279	1,550,063	1,519,784
Use of money and property	-	-	1,123,138	1,123,138
Sale of property and compensation for loss	-	-	439,537	439,537
Miscellaneous	1,000,000	1,005,000	4,213,178	3,208,178
Interfund revenues	-	-	258,461	258,461
State Sources				
Basic formula	186,841,009	186,841,009	133,568,483	(53,272,526)
Excess cost aid	-	-	19,454,123	19,454,123
Lottery aid	-	-	26,761,269	26,761,269
BOCES aid	-	-	4,452,857	4,452,857
Textbook aid	-	-	551,220	551,220
Computer hardware/software aid	-	-	354,798	354,798
Library material aid	-	-	7,131	7,131
Other state aid	-	-	2,814,704	2,814,704
Medicaid reimbursement	-	-	276,157	276,157
Federal Sources	-	-	106,796	106,796
TOTAL REVENUES	268,575,379	268,610,658	<u>\$ 277,399,132</u>	<u>\$ 8,788,474</u>
APPROPRIATED FUND BALANCE				
Appropriated Fund Balance	6,134,578	6,134,578		
Prior Year's Encumbrances	<u>96,642</u>	<u>96,642</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	<u>\$ 274,806,599</u>	<u>\$ 274,841,878</u>		

Budget Basis of Accounting

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

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 536,914	\$ 565,129	\$ 449,499	\$ -	\$ 115,630
Central administration	465,895	465,895	451,348	-	14,547
Finance	2,242,114	2,242,114	2,161,181	336	80,597
Staff	2,753,323	2,753,323	2,006,876	3,445	743,002
Central services	17,364,276	17,364,276	16,134,963	234,868	994,445
Special items	3,101,329	3,101,329	2,374,325	-	727,004
Instruction					
Instruction, administration & improvement	7,384,674	7,382,549	6,182,635	4,353	1,195,561
Teaching - regular school	117,131,899	117,028,911	110,765,701	67,447	6,195,763
Programs for children with disabilities	46,462,864	46,462,864	47,058,902	231,712	(827,750)
Occupational education	1,711,378	1,711,378	853,974	-	857,404
Teaching - special schools	302,500	332,773	1,426,672	8,201	(1,102,100)
Instructional media	3,722,377	3,747,465	2,543,602	173,933	1,029,930
Pupil services	9,278,341	9,362,072	9,317,278	8,806	35,988
Pupil transportation	9,496,809	9,469,894	9,807,033	-	(337,139)
Community services	7,200	7,200	7,700	-	(500)
Employee benefits	45,292,230	45,292,230	41,293,565	498	3,998,167
Debt service					
Debt service principal	4,623,564	4,623,564	4,846,641	-	(223,077)
Debt service interest	1,978,912	1,978,912	2,392,454	-	(413,542)
	<u>273,856,599</u>	<u>273,891,878</u>	<u>260,074,349</u>	<u>733,599</u>	<u>13,083,930</u>
OTHER FINANCING USES					
Transfers to other funds	<u>950,000</u>	<u>950,000</u>	<u>728,504</u>	<u>-</u>	<u>221,496</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 274,806,599</u>	<u>\$ 274,841,878</u>	<u>260,802,853</u>	<u>\$ 733,599</u>	<u>\$ 13,305,426</u>
Net change in fund balance			16,596,279		
Fund balance - beginning			<u>28,169,960</u>		
Fund balance - ending			<u>\$ 44,766,239</u>		

Budget Basis of Accounting

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

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 9,461,956	\$ 14,006,131	\$ 13,057,796	\$ 12,555,432	\$ 16,010,987	\$ 14,174,143
Interest	9,086,706	6,701,333	7,890,731	9,942,353	10,304,165	9,734,694
Differences between expected and actual experience	(2,128,659)	-	(80,039,800)	-	(4,802,361)	(748,628)
Changes of assumptions or other inputs	22,738,296	(63,111,204)	17,280,628	56,241,034	(71,020,190)	-
Benefit payments	<u>(7,128,258)</u>	<u>(6,125,687)</u>	<u>(5,750,603)</u>	<u>(6,746,258)</u>	<u>(6,150,300)</u>	<u>(5,881,053)</u>
Net change in total OPEB liability	32,030,041	(48,529,427)	(47,561,248)	71,992,561	(55,657,699)	17,279,156
Total OPEB liability - beginning	<u>250,757,800</u>	<u>299,287,227</u>	<u>346,848,475</u>	<u>274,855,914</u>	<u>330,513,613</u>	<u>313,234,457</u>
Total OPEB liability - ending	<u>\$ 282,787,841</u>	<u>\$ 250,757,800</u>	<u>\$ 299,287,227</u>	<u>\$ 346,848,475</u>	<u>\$ 274,855,914</u>	<u>\$ 330,513,613</u>
District's covered payroll	\$ 68,993,333	\$ 68,613,822	\$ 68,613,822	\$ 73,553,958	\$ 73,553,958	\$ 78,158,695
Contributions as a percentage of covered payroll	409.88%	365.46%	436.19%	471.56%	373.68%	422.88%

Notes to Schedule:

Trust Assets: There are no assets accumulated that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits

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

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

HEMPSTEAD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION asset/(liability)
FOR THE FISCAL YEARS ENDED JUNE 30,*
(Dollar amounts in thousands)

NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.03773%	0.03758%	0.03986%	0.04612%	0.04656%	0.04504%	0.04827%	0.04547%	0.04676%
District's proportionate share of the net pension asset/(liability)	\$ (8,090)	\$ 3,072	\$ (40)	\$ (12,213)	\$ (3,299)	\$ (1,486)	\$ (4,536)	\$ (7,298)	\$ (1,580)
District's covered payroll	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	52.70%	21.61%	0.30%	79.80%	21.00%	10.25%	32.22%	51.39%	11.08%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.36302%	0.35711%	0.38370%	0.40826%	0.40363%	0.39345%	0.40480%	0.43395%	0.44572%
District's proportionate share of the net pension asset/(liability)	\$ (6,966)	\$ 61,884	\$ (10,603)	\$ 10,607	\$ 7,299	\$ 2,991	\$ (4,336)	\$ 45,073	\$ 49,650
District's covered payroll	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.20%	95.75%	16.95%	15.77%	10.67%	4.53%	6.89%	70.50%	70.98%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

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

**** Notes to Required Supplementary Information**

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

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

NYSERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,480	\$ 2,136	\$ 1,929	\$ 2,106	\$ 2,072	\$ 2,085	\$ 2,132	\$ 2,222	\$ 2,484	\$ 2,599
Contributions in relation to the contractually required contribution	1,480	2,136	1,929	2,106	2,072	2,085	2,132	2,222	2,484	2,599
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	\$ 15,350	\$ 14,218	\$ 13,486	\$ 15,305	\$ 15,708	\$ 14,502	\$ 14,079	\$ 14,200	\$ 14,264	\$ 13,995
Contributions as a percentage of covered payroll	9.64%	15.02%	14.30%	13.76%	13.19%	14.38%	15.14%	15.65%	17.41%	18.57%

NYTRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 7,009	\$ 6,302	\$ 5,759	\$ 5,758	\$ 7,237	\$ 6,443	\$ 7,307	\$ 8,303	\$ 11,796	\$ 11,068
Contributions in relation to the contractually required contribution	7,009	6,302	5,759	5,758	7,237	6,443	7,307	8,303	11,796	11,068
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	\$ 68,321	\$ 64,631	\$ 62,562	\$ 67,279	\$ 68,432	\$ 66,037	\$ 62,972	\$ 63,931	\$ 69,950	\$ 68,032
Contributions as a percentage of covered payroll	10.26%	9.75%	9.21%	8.56%	10.58%	9.76%	11.60%	12.99%	16.86%	16.27%

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 274,709,957
Add: Prior year's encumbrances		96,642
Original Budget		<u>274,806,599</u>
Budget Revision:		
Adult education fees	\$ 30,279	
Donations	<u>5,000</u>	<u>35,279</u>
Final Budget		<u><u>\$ 274,841,878</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter-approved expenditure budget	<u><u>\$ 299,399,867</u></u>
Maximum allowed (4% of 2023-24 budget)	<u><u>\$ 11,975,995</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 6,545,658
Unassigned fund balance	<u>11,975,995</u>
Total unrestricted fund balance	<u><u>18,521,653</u></u>
Less:	
Appropriated fund balance	5,812,059
Encumbrances included in assigned fund balance	<u>733,599</u>
Total adjustments	<u><u>6,545,658</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 11,975,995</u></u>
Actual percentage of 2023-24 budget	<u><u>4.00%</u></u>

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unassigned fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Methods of Financing										Fund
PROJECT TITLE	Project Number	Budget		Expenditures and Transfers			Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2023
		June 30, 2022	June 30, 2023	Prior Years	Current Year	Total						
Projects Funded by Appropriations												
District-wide improvements	00-9000	\$ 1,500,000	\$ 809,220	\$ 11,413	\$ (11,413)	\$ -	\$ 809,220	\$ -	\$ -	\$ 809,220	\$ 809,220	\$ 809,220
2018-2019		1,535,490	1,993,277	1,993,277	-	1,993,277	-	-	-	1,993,277	1,993,277	-
Projects Funded by Appropriations		3,035,490	2,802,497	2,004,690	(11,413)	1,993,277	809,220	-	-	2,802,497	2,802,497	809,220
EPC - 2022- 23												
Hempstead Middle School	01-0027	-	3,932,003	-	2,236,678	2,236,678	1,695,325	3,932,003	-	-	3,932,003	1,695,325
McNeil	02-0016	-	915,360	-	541,213	541,213	374,147	915,360	-	-	915,360	374,147
Paterson	03-0017	-	81,033	-	65,722	65,722	15,311	81,033	-	-	81,033	15,311
Jackson Main Elementary	04-0015	-	169,687	-	142,000	142,000	27,687	169,687	-	-	169,687	27,687
Jackson Annex	05-0012	-	42,094	-	26,309	26,309	15,785	42,094	-	-	42,094	15,785
Obama	06-0017	-	852,407	-	521,294	521,294	331,113	852,407	-	-	852,407	331,113
Marshall School	07-0015	-	107,763	-	87,070	87,070	20,693	107,763	-	-	107,763	20,693
Hempstead High School	20-0029	-	4,650,667	-	3,617,086	3,617,086	1,033,581	4,650,667	-	-	4,650,667	1,033,581
EPC		-	10,751,014	-	7,237,372	7,237,372	3,513,642	10,751,014	-	-	10,751,014	3,513,642
Bond issue - 2021 - 22												
Hempstead High School	11-6001	-	270,000	-	9,702	9,702	260,298	270,000	-	-	270,000	260,298
Hempstead High School	20-0031	-	6,698,000	-	2,392,682	2,392,682	4,305,318	6,698,000	-	-	6,698,000	4,305,318
Hempstead Middle School	01-0028	-	3,073,885	-	920,598	920,598	2,153,287	3,073,885	-	-	3,073,885	2,153,287
Hempstead Middle School	01-0029	-	76,917	-	112,537	112,537	(35,620)	76,917	-	-	76,917	(35,620)
Hempstead High School	20-0030	-	9,780,638	-	2,579,151	2,579,151	7,201,487	9,780,638	-	-	9,780,638	7,201,487
Hempstead High School	02-0030	-	112,896	-	120,028	120,028	(7,132)	112,896	-	-	112,896	(7,132)
McNeil	02-0018	-	7,250	-	-	-	7,250	7,250	-	-	7,250	7,250
Paterson	03-0019	-	6,750	-	-	-	6,750	6,750	-	-	6,750	6,750
Paterson	03-0018	-	2,067,501	-	565	565	2,066,936	2,067,501	-	-	2,067,501	2,066,936
Obama	06-0018	-	1,055,280	-	48,414	48,414	1,006,866	1,055,280	-	-	1,055,280	1,006,866
Jackson Main Elementary	04-0017	-	883,750	-	45,851	45,851	837,899	883,750	-	-	883,750	837,899
Portable Removal	83-0002	-	61,790	-	4,726	4,726	57,064	61,790	-	-	61,790	57,064
Portable Removal	60-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Portable Removal	81-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Portable Removal	82-0002	-	123,585	-	4,727	4,727	118,858	123,585	-	-	123,585	118,858
Total Bond 2021-22		-	24,465,412	-	6,248,435	6,248,435	18,216,977	24,465,412	-	-	24,465,412	18,216,977
Bond issue - 2018 - 19												
Rhodes/New Building	09-0009	3,328,550	3,328,550	3,263,123	37,777	3,300,900	27,650	3,328,550	-	-	3,328,550	27,650
Rhodes/New Building	92-0001	41,626,552	41,626,552	38,793,089	975,323	39,768,412	1,858,140	38,627,440	2,116,293	882,819	41,626,552	1,858,140
JA - Portables	13-0001	134,370	134,370	44,604	7,717	52,321	82,049	134,370	-	-	134,370	82,049
JA - Portables	15-0002	212,752	212,752	52,578	-	52,578	160,174	212,752	-	-	212,752	160,174
JA - Portables	17-0004	134,370	134,370	39,952	17,043	56,995	77,375	134,370	-	-	134,370	77,375
JA - Portables	51-0002	106,376	106,376	66,562	16,188	82,750	23,626	106,376	-	-	106,376	23,626
JA - Portables	52-0002	106,376	106,376	33,815	11,136	44,951	61,425	106,376	-	-	106,376	61,425
JMc- Portables	57-0002	134,370	134,370	41,111	17,588	58,699	75,671	134,370	-	-	134,370	75,671
JA - Portables	78-0003	212,752	212,752	68,949	20,133	89,082	123,670	212,752	-	-	212,752	123,670
JMc- Portables	84-0002	134,370	134,370	4,414	-	4,414	129,956	134,370	-	-	134,370	129,956
JM - Portables	86-0002	134,370	134,370	3,628	-	3,628	130,742	134,370	-	-	134,370	130,742
JM - Portables	87-0002	134,370	134,370	3,628	-	3,628	130,742	134,370	-	-	134,370	130,742
Rhodes/New Building		46,399,578	46,399,578	42,415,453	1,102,905	43,518,358	2,881,220	43,400,466	2,116,293	882,819	46,399,578	2,881,220

See Paragraph on Other Information Included in Auditor's Report

HEMPSTEAD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND, CONTINUED

PROJECT TITLE	Project Number	Budget		Expenditures and Transfers			Unexpended Balance	Methods of Financing				Fund Balance
		June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	June 30, 2023
Bond issue - 2010 - 11												
Prospect School	008-012	18,247,083	18,247,083	18,247,083	-	18,247,083	-	14,920,000	2,760,811	566,272	18,247,083	-
Bond issue - 2005 - 06												
Hempstead High School	0020-020	13,515,982	13,215,822	13,215,822	-	13,215,822	-	12,844,830	-	370,992	13,215,822	-
Hempstead High School	0020-024	205,500	201,100	201,100	-	201,100	-	201,100	-	-	201,100	-
Hempstead Middle School	0001-022	5,810,164	5,810,164	5,810,164	-	5,810,164	-	5,810,164	-	-	5,810,164	-
Hempstead Middle School	0001-023	211,432	211,432	211,432	-	211,432	-	211,432	-	-	211,432	-
Franklin Street Elementary	0002-013	3,613,905	3,613,905	3,613,905	-	3,613,905	-	3,613,905	-	-	3,613,905	-
Franklin Street Elementary	0003-014	2,384,283	2,384,283	2,384,283	-	2,384,283	-	2,384,283	-	-	2,384,283	-
Jackson Main Elementary	0004-013	2,420,482	2,420,482	2,420,482	-	2,420,482	-	2,420,482	-	-	2,420,482	-
Jackson Annex	0005-009	1,474,492	1,474,492	1,474,492	-	1,474,492	-	1,474,492	-	-	1,474,492	-
Ludlum Elementary	0006-015	2,260,529	2,260,529	2,260,529	-	2,260,529	-	2,260,529	-	-	2,260,529	-
Marshall School	0007-013	1,420,714	1,420,714	1,420,714	-	1,420,714	-	1,420,714	-	-	1,420,714	-
Bond Issue - 2005- 2006		33,317,483	33,012,923	33,012,923	-	33,012,923	-	32,641,931	-	370,992	33,012,923	-
SmartBonds												
SB-0001		5,269,387	5,269,387	2,356,155	721,701	3,077,856	2,191,531	-	5,269,387	-	5,269,387	2,191,531
		\$ 106,269,021	\$ 140,947,894	\$ 98,036,304	\$ 15,299,000	\$ 113,335,304	\$ 27,612,590	\$ 126,178,823	\$ 10,146,491	\$ 4,622,580	\$ 140,947,894	\$ 27,612,590
											Unissued Debt 2018-2019	(43,400,466)
											Unissued Debt 2021-2022	(24,465,412)
											Uncertified SmartBonds Aid	(2,191,531)
											Fund Balance	\$ (42,444,819)

See Paragraph on Other Information Included in Auditor's Report

**HEMPSTEAD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital assets, net	\$ 99,655,930	
Right to use assets, net	<u>63,860</u>	\$ 99,719,790
 Deduct:		
Bond anticipation notes payable	\$ 68,425,000	
Short-term portion of bonds payable	1,710,000	
Long-term portion of bonds payable	5,440,000	
Short-term portion of leases payable	71,858	
Less: Unspent debt proceeds	<u>(22,171,849)</u>	<u>53,475,009</u>
 Net investment in capital assets		 <u><u>\$ 46,180,921</u></u>

See Paragraph on Other Information Included in Auditor's Report

FORM OF BOND COUNSEL’S OPINION

April 18, 2024

The Board of Education of the
Hempstead Union Free School District,
in the County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Hempstead Union Free School District, (the “School District”), in the County of Nassau, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the \$25,000,000 Bond Anticipation Notes - 2024 Series A (the “Notes”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District’s representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Sincerely,
Hawkins Delafield & Wood LLP