

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2021

NEW ISSUE

TAX ANTICIPATION NOTES

*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 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. 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. (See "Tax Matters" herein).*

*The District will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.*

**EAST WILLISTON UNION FREE SCHOOL DISTRICT  
NASSAU COUNTY, NEW YORK**

**\$3,300,000\* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES  
(the "Notes")**

**Date of Issue: October 5, 2021**

**Maturity Date: June 24, 2022**

The Notes are general obligations of the East Williston Union Free School District, in Nassau County, New York (the "District"), 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, subject to certain statutory limitations. (See "*The Tax Levy Limit Law*" herein.)

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "*Book-Entry-Only System*" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 23, 2021 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about October 5, 2021.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

September , 2021

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



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NASSAU COUNTY, NEW YORK**

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\* \* \*

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No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information 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 the District since the date hereof.

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**OFFICIAL STATEMENT**

**EAST WILLISTON UNION FREE SCHOOL DISTRICT  
NASSAU COUNTY, NEW YORK**

**Relating To**

**\$3,300,000\* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES  
(the "Notes")**

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the East Williston Union Free School District in the County of Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$3,300,000\* Tax Anticipation Notes for 2021-2022 Taxes (the "Notes").

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 form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See "*RISK FACTORS*" herein.)

**THE NOTES**

**Description**

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Diane Castonguay, Assistant Superintendent for Business, East Williston Union Free School District, 11 Bacon Road, Old Westbury, NY 11568, Phone (516) 333-1707, Fax (516) 333-1937 and email: CastonguayD@ewsdmail.org.

**Optional Redemption**

The Notes will not be subject to redemption prior to their maturity.

**Book-entry-only System**

In the event that the Notes are issued in book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered notes 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.

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\*Preliminary, subject to change.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, 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, National Securities Clearing Corporation 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the 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 bond ("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 the 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 the 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.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

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

### **Authorization for and Purpose of Notes**

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2021-2022 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2021-2022 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2021-2022 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

### **Security and Source of Payment**

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 of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Chapter 97 of the New York Laws of 2011, as amended. (See "*The Tax Levy Limit Law*," herein.)

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 for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "Tax Levy Limit Law" or "Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year to year increase limited by the formulas set forth in the Tax Levy Limit Law. 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, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the 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 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 owner 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*, 40 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 APPLICABLE TO SCHOOL DISTRICTS**

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. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

### **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.

## THE DISTRICT

### Description

The District is located in Nassau County in the Town of North Hempstead (the “Town”), approximately 30 miles east of midtown Manhattan. The District covers an area of approximately 6 square miles and has a population of approximately 8,734. The District includes the Incorporated Village of East Williston, portions of the villages of Old Westbury and Mineola and portions of the hamlets of Albertson and Roslyn Heights.

The District is primarily residential in nature, and does contain a small number of commercial and industrial properties. According to the 2015 U.S. Census, median housing values and income levels are well above County, State and U.S. averages. In addition to traditional single-family residences, many large estates are located within the District. The Wheatley Heights Golf Club and Roslyn Country Club are located within the District.

The following transportation facilities are available to residents of the District: bus transportation is provided by the Nassau Inter-County Express; rail passenger service by the Long Island Railroad with a station located in the District; and major airline service is available at nearby John F. Kennedy International Airport, LaGuardia Airport, Long Island MacArthur Airport and Republic Airport. A network of highways including the Meadowbrook Parkway, Northern State Parkway and the Long Island Expressway (I-495) provide easy access to and from the District.

Water, electric, gas, sewage collection, fire and police protection are provided to residents of the District as follows: Electricity and natural gas are provided throughout the District by PSEG Long Island and National Grid respectively. The District’s water supply and distribution system is administered by the Incorporated Village of East Williston, the Albertson Water District and the Old Westbury Water Department. Fire protection is furnished by local volunteer fire districts and police protection is provided by the Nassau County and Old Westbury Police Departments.

### 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 (the “Board”). 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. Board members are generally elected for a term of three years. In early July of each year, the Board 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.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the following: Superintendent of Schools, Assistant Superintendent for Business, District Clerk and District Treasurer.

### Financial Organization

Pursuant to the Local Finance Law, the President of the Board 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, Assistant Superintendent for Business and the District Treasurer.

### Enrollment History

The following table presents the past school enrollment for the District.

| <u>School Year</u> | <u>School Enrollment</u> |
|--------------------|--------------------------|
| 2017               | 1,732                    |
| 2018               | 1,696                    |
| 2019               | 1,722                    |
| 2020               | 1,746                    |
| 2021               | 1,619                    |

Source: District Officials.

### Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

| <u>School Year</u> | <u>School Enrollment</u> |
|--------------------|--------------------------|
| 2022               | 1,620                    |
| 2023               | 1,640                    |

Source: District Officials.

### District Facilities

The District operates eleven schools and offices; statistics relating to each are shown below.

| <u>Name of School</u> | <u>Grades</u> | <u>Date of Construction</u> | <u>Date of Last Addition</u> | <u>Capacity</u> |
|-----------------------|---------------|-----------------------------|------------------------------|-----------------|
| North Side School     | K-4           | 1917                        | 2003                         | 600             |
| Willetts Road School  | 5-7           | 1950                        | 2003                         | 460             |
| The Wheatley School   | 8-12          | 1955                        | 2003                         | 850             |

Source: District Officials.

### Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

| <u>Name of Union</u>  | <u>Expiration Date of Contract<sup>a</sup></u> | <u>Approx. No. of Members</u> |
|---|--|-------------------------------|
| East Williston Administrators' Association                    | 06/30/2023                                     | 17                            |
| East Williston Teachers' Association                          | 06/30/2022                                     | 193                           |
| East Williston Clerical Unit                                  | 06/30/2022                                     | 41                            |
| East Williston Custodial Unit (& Securities)                  | 06/30/2019                                     | 34                            |
| East Williston Teachers' Association (Teachers Asst's./Aides) | 06/30/2022                                     | 56                            |
| East Williston Teachers' Association (Substitute Teachers)    | 06/30/2022                                     | 52                            |
| East Williston Teachers' Association (School Nurses)          | 06/30/2022                                     | 3                             |

a. Expired contracts are subject to negotiations.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population Trends

The following table sets forth population statistics.

| <u>Year</u> | <u>North<br/>Hempstead</u> | <u>Nassau<br/>County</u> |
|-------------|----------------------------|--------------------------|
| 2006        | 211,393                    | 1,287,348                |
| 2007        | 222,611                    | 1,334,544                |
| 2008        | 226,322                    | 1,339,532                |
| 2009        | 225,717                    | 1,337,556                |
| 2010        | 227,029                    | 1,343,765                |
| 2019        | 230,919                    | 1,356,924                |

Source: U.S. Bureau of the Census.

### Income Data

Income Data is not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Town of Islip and the County of Suffolk. The information set forth below with respect to such Towns, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Towns, County or State or vice versa.

|                         | Per Capita Money Income |             |             |                         |
|-------------------------|-------------------------|-------------|-------------|-------------------------|
|                         | <u>1990</u>             | <u>2000</u> | <u>2010</u> | <u>2019<sup>a</sup></u> |
| Town of North Hempstead | \$30,621                | \$41,621    | \$50,156    | \$67,986                |
| County of Nassau        | 23,352                  | 32,151      | 40,912      | 53,405                  |
| State of New York       | 16,501                  | 23,389      | 30,948      | 41,857                  |

|                         | Median Household Income |             |             |                         |
|-------------------------|-------------------------|-------------|-------------|-------------------------|
|                         | <u>1990</u>             | <u>2000</u> | <u>2010</u> | <u>2019<sup>a</sup></u> |
| Town of North Hempstead | \$60,320                | \$81,039    | \$100,571   | \$137,415               |
| County of Nassau        | 54,283                  | 72,030      | 96,626      | 118,453                 |
| State of New York       | 32,965                  | 43,393      | 55,603      | 72,108                  |

Source: United States Bureau of the Census

a. Based on American Community Survey 1-Year Estimate (2019)

## 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 District) is the Town of North Hempstead. The information set forth below with respect to such Town and the County of Nassau is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town or the County, or vice versa.

| <u>Annual Averages:</u> | <u>Town of North<br/>Hempstead</u> | <u>Nassau<br/>County</u> | <u>New York<br/>State</u> |
|-------------------------|------------------------------------|--------------------------|---------------------------|
| 2016                    | 3.6                                | 3.9                      | 4.9                       |
| 2017                    | 3.8                                | 4.0                      | 4.6                       |
| 2018                    | 3.3                                | 3.5                      | 4.1                       |
| 2019                    | 3.2                                | 3.4                      | 4.0                       |
| 2020                    | 7.8                                | 8.4                      | 10.0                      |
| 2021 (7 months)         | 5.2                                | 5.6                      | 8.1                       |

Source: Department of Labor, State of New York.

## INDEBTEDNESS OF THE DISTRICT

### 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 (such as the Notes) 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 contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; 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.

**General.** The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See "*The Tax Levy Limit Law*" herein).

### 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 Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principle amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

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 school 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 is by 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.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

**Computation of Debt Limit and Debt Contracting Margin**  
(As of September 15, 2021)

| <u>In Town of:</u>                               | <u>Assessed<br/>Valuation</u> | <u>State<br/>Equalization<br/>Rate</u> | <u>Full Valuation</u>       |
|--|-------------------------------|--|-----------------------------|
| North Hempstead (2020-2021) <sup>a</sup>         | \$4,598,803                   | 0.17%                                  | \$2,705,178,235             |
| Debt Limit - 10% of Average Full Valuation       |                               |  | \$270,517,824               |
| Inclusions: <sup>b</sup>                         |                               |  |                             |
| Outstanding Bonds                                |                               |  | \$1,970,000                 |
| Bond Anticipation Notes                          |                               |  | <u>0</u>                    |
| Total Indebtedness                               |                               |  | <u>1,970,000</u>            |
| Exclusions (Estimated Building Aid) <sup>c</sup> |                               |  | <u>301,410</u>              |
| Total Net Indebtedness                           |                               |  | <u>1,668,590</u>            |
| Net Debt Contracting Margin                      |                               |  | <u><u>\$268,849,234</u></u> |
| Per Cent of Debt Contracting Margin Exhausted    |                               |  | 0.62%                       |

- a. The latest completed assessment roll for which a State Equalization Rate has been established.
- b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.
- c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when notes are to be issued.

**Details of Short-Term Indebtedness Outstanding**

As of the date of this Official Statement, the District has no short-term indebtedness outstanding.

**Trend of Outstanding Indebtedness**

As at June 30:

|                             | <u>2017</u>               | <u>2018</u>               | <u>2019</u>               | <u>2020</u>               | <u>2021</u>               |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Bonds                       | \$6,550,000               | \$5,335,000               | \$4,065,000               | \$2,745,000               | \$2,295,000               |
| BANs                        | -                         | -                         | -                         | -                         | -                         |
| Energy Performance Contract | <u>2,646,086</u>          | <u>2,402,758</u>          | <u>2,151,781</u>          | <u>1,892,911</u>          | <u>1,625,901</u>          |
| <b>Totals:</b>              | <u><u>\$9,196,086</u></u> | <u><u>\$7,737,758</u></u> | <u><u>\$6,216,781</u></u> | <u><u>\$4,637,911</u></u> | <u><u>\$3,920,901</u></u> |

Source: Audited Financial Statements of the District.

**Debt Service Requirements - Outstanding Bonds<sup>a</sup>**

| Fiscal Year<br><u>Ending June 30:</u> | <u>Principal</u>          | <u>Interest</u>         | <u>Total</u>              |
|---------------------------------------|---------------------------|-------------------------|---------------------------|
| 2022                                  | \$ 325,000                | \$ 48,325               | \$ 373,325                |
| 2023                                  | 305,000                   | 72,700                  | 377,700                   |
| 2024                                  | 315,000                   | 60,300                  | 375,300                   |
| 2025                                  | 325,000                   | 47,500                  | 372,500                   |
| 2026                                  | 345,000                   | 34,100                  | 379,100                   |
| 2027                                  | 160,000                   | 24,000                  | 184,000                   |
| 2028                                  | 165,000                   | 17,500                  | 182,500                   |
| 2029                                  | 175,000                   | 10,700                  | 185,700                   |
| 2030                                  | <u>180,000</u>            | <u>3,600</u>            | <u>183,600</u>            |
| <b>Total:</b>                         | <u><u>\$2,295,000</u></u> | <u><u>\$318,725</u></u> | <u><u>\$2,613,725</u></u> |

a. Does not include payments made to date

**Debt Service Requirements – Energy Performance Contract**

| Fiscal Year<br><u>Ending June 30:</u> | <u>Principal</u>          | <u>Interest</u>         | <u>Total</u>              |
|---------------------------------------|---------------------------|-------------------------|---------------------------|
| 2022                                  | \$275,405                 | \$48,597                | \$324,002                 |
| 2023                                  | 284,065                   | 39,937                  | 324,002                   |
| 2024                                  | 292,997                   | 31,005                  | 324,002                   |
| 2025                                  | 302,210                   | 21,792                  | 324,002                   |
| 2026                                  | 311,712                   | 12,290                  | 324,002                   |
| 2027                                  | <u>159,512</u>            | <u>2,488</u>            | <u>162,000</u>            |
| <b>Total:</b>                         | <u><u>\$1,625,901</u></u> | <u><u>\$156,109</u></u> | <u><u>\$1,782,010</u></u> |

Source: Audited Financial Statements.

### Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes, which borrowing is necessitated by the schedule of real property tax and State aid revenue payments. The following is a history of such tax and revenue anticipation note borrowings for the five most recent fiscal years:

| Fiscal Year<br>Ending<br><u>June 30:</u> | <u>Amount</u> | <u>Type</u> | <u>Issue</u> | <u>Maturity</u> |
|--|---------------|-------------|--------------|-----------------|
| 2016-17                                  | \$4,000,000   | TAN         | 09/02/16     | 06/27/17        |
| 2017-18                                  | 4,000,000     | TAN         | 09/19/17     | 06/27/18        |
| 2018-19                                  | 4,000,000     | TAN         | 09/12/18     | 06/25/19        |
| 2019-20                                  | 3,500,000     | TAN         | 10/24/19     | 06/25/20        |
| 2019-20                                  | 4,000,000     | TAN         | 10/01/20     | 06/25/21        |

### Authorized and Unissued Debt

The District has no authorized and unissued debt outstanding.

### Calculation of Estimated Overlapping and Underlying Indebtedness

| <u>Overlapping Units</u>  | <u>Date of<br/>Report</u> | <u>Percentage<br/>Applicable (%)</u> | <u>Applicable<br/>Total<br/>Indebtedness</u> | <u>Applicable<br/>Net<br/>Indebtedness</u> |
|---------------------------|---------------------------|--------------------------------------|--|--|
| County of Nassau          | 04/06/2021                | 1.09                                 | \$41,102,668                                 | \$33,016,580                               |
| Town of North Hempstead   | 06/22/2021                | 4.60                                 | 18,910,763                                   | 13,015,061                                 |
| Village of East Williston | 05/31/2020                | 100.00                               | 2,174,377                                    | 2,174,377                                  |
| Village of Old Westbury   | 05/31/2020                | 33.00                                | 10,222,190                                   | 10,222,190                                 |
| Village of Mineola        | 05/31/2020                | 5.00                                 | <u>5,025,000</u>                             | <u>5,025,000</u>                           |
| Totals                    |                           |                                      | <u>\$77,434,998</u>                          | <u>\$63,453,208</u>                        |

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

### Debt Ratios (As of September 15, 2021)

|  | <u>Amount</u> | <u>Per Capita<sup>a</sup></u> | <u>Percentage<br/>Of Full<br/>Value (%)<sup>b</sup></u> |
|--|---------------|-------------------------------|---|
| Total Direct Debt                                | \$ 1,970,000  | \$ 226                        | 0.073   |
| Net Direct Debt                                  | 1,668,590     | 191                           | 0.062   |
| Total Direct & Applicable Total Overlapping Debt | 79,404,998    | 9,091                         | 2.935   |
| Net Direct & Applicable Net Overlapping Debt     | 65,121,798    | 7,456                         | 2.407   |

a. The current population of the District is 8,734.

b. The full valuation of taxable property is \$2,705,178,235

## FINANCES OF THE DISTRICT

### Impact of COVID-19

The District has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to hiring additional personnel and for cleaning supplies and equipment, the aggregate cost of which total approximately \$2,600,000. The District has paid such costs from budgetary appropriations and/or available funds. The District does not believe that the increased costs described above or any potential reductions in State aid will have a material adverse impact on the finances of the District. (See also “*State Aid*” herein.)

In December of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted as the second act of federal relief in response to COVID-19. The CRRSA Act provides approximately \$4.3 billion to support schools in the State, with the funds available to be spent through September 2023. This is in addition to the \$1.2 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding, which can be spent through September 2022. The CRRSA Act provides the State with \$4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and \$323 million through the Governor’s Emergency Education Relief (GEER) Fund. Districts may generally use these funds for broad purposes, including general operating and pandemic-related costs such as purchasing personal protective equipment. Additionally, the State has been allocated approximately \$9.0 billion under the American Rescue Plan (ARP) Act’s Elementary and Secondary School Emergency Relief Fund (ESSER).

The District has been allocated \$130,774 in CARES Act funding and has received \$130,774. The District is expected to receive a total of \$794,116 through CRRSA and ARP funding. (See also “*State Aid*” herein.)

### Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2020. A copy of such report is included herein as Appendix C. The audited financial statements for the fiscal year ended June 30, 2021 is expected to be completed in the fourth quarter of 2021.

### Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

## **Fund Structure and Accounts**

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and special purpose fund. In addition, a capital projects fund is used to record capital facility projects, while an agency fund accounts for assets received by the District in a fiduciary capacity.

### **Basis of Accounting**

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

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue 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, and compensated absences, 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.

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Source: Audited Financials of the District.

### **Budget Process**

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See "*The Levy Limit Law*" herein).

On May 18, 2021, a majority of the voters of the District approved the District's budget for the 2021-2022 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2020-2021 and 2021-2022 may be found in Appendix A, herein.

### **Revenues**

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

#### ***Real Property Taxes***

See "*Tax Information*" herein.

#### ***State Aid***

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, 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 school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District’s General Fund revenue comprised of State aid for each of the fiscal years 2016 through 2020, and the amount budgeted for 2021 and 2022.

| Fiscal Year Ending<br><u>June 30:</u> | General Fund<br><u>Total Revenue</u> | <u>State Aid</u> | State Aid To<br><u>Revenues (%)</u> |
|---------------------------------------|--------------------------------------|------------------|-------------------------------------|
| 2016                                  | \$56,966,172                         | \$3,041,966      | 5.34                                |
| 2017                                  | 57,372,069                           | 3,370,240        | 5.87                                |
| 2018                                  | 58,139,760                           | 3,692,049        | 6.35                                |
| 2019                                  | 59,782,625                           | 3,830,757        | 6.41                                |
| 2020                                  | 61,038,785                           | 3,957,449        | 6.48                                |
| 2021 (Budgeted)                       | 63,091,128                           | 3,722,084        | 5.90                                |
| 2022 (Budgeted)                       | 63,984,675                           | 4,074,351        | 6.37                                |

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted revenues include the application of reserves and fund balance.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measures in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State’s 2020-21 Enacted Budget 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 and the State released all of the withheld funds on or about June 30, 2021.

The State’s 2021-22 Enacted Budget provides \$29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represents an increase of \$3.0 billion or 11.3 percent compared to the 2020-21 school year, and includes a \$1.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase is targeted to high-need school districts. The State’s 2021-22 Enacted Budget also programs \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor’s Emergency Education Relief Fund to public schools. This funding available for use over multiple years, is designed to assist 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 2021-22 Enacted Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State’s 2021-22 Enacted Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2021-22 Enacted Budget was adopted on April 7, 2021. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in 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, the COVID-19 pandemic, 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, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget. (See also "*Impacts of COVID-19*" herein.)

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

### **Events Affecting State Aid to New York School Districts**

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 pandemic has affected and is expected to continue to affect State aid to school district.

*School district fiscal year (2014-2015):* The State Legislature adopted the State budget on March 31, 2014. The State's 2014-2015 Budget included a \$1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the State aid increase. The State's 2014-2015 Budget restored \$602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The State's 2014-2015 Budget invested \$1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

*School district fiscal year (2015-2016):* The State Legislature adopted the State budget on March 31, 2015. Said budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

*School district fiscal year (2016-2017):* The State's 2016-2017 Budget included a school aid increase of \$991 million over 2015-2016, \$863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the State's 2016-2017 Budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase (\$100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

*School district fiscal year (2017-2018):* The State's 2017-2018 Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans.

*School district fiscal year (2018-2019):* The State's 2018-2019 Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

*School district fiscal year (2019-2020):* The State's 2019-2020 school year, the State's Enacted Budget include a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid will increase by approximately 4.5% and building aid will increase by approximately 3.7%. The State 2019-2020 Enacted Budget continues to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

*School district fiscal year (2021-2022):* For the 2021-2022 school year, the State's Enacted budget provides \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represents an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget would allocate \$13 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, will help schools safely 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 Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's allocation of funds is \$304,393 and the District has spent approximately \$266,987 of such amount.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "Risk Factors").

## **Expenditures**

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

### **The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews**

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 districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). 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 most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on June 17, 2016. The purpose of the audit was to evaluate the District's cash receipts process over extra classroom activity for the period July 1, 2014 through September 30, 2015. The complete report may be found on the State Comptroller's official website.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

### **Employee Pension System**

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. ERS employees contribute 3% of their salaries and TRS employees contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. This new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, various forms of legislation have been enacted that permitted school districts to amortize a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

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 established a TRS reserve fund in the 2018-2019 fiscal year.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the amount budgeted for the 2022 fiscal year.

| Fiscal Year Ending<br><u>June 30:</u> | <u>TRS</u>  | <u>ERS</u> |
|---------------------------------------|-------------|------------|
| 2017                                  | \$2,977,430 | \$574,422  |
| 2018                                  | 2,598,795   | 619,413    |
| 2019                                  | 2,922,046   | 575,734    |
| 2020                                  | 3,127,389   | 761,020    |
| 2021                                  | 3,155,118   | 655,889    |
| 2022 (Budgeted)                       | 3,127,389   | 761,020    |

Source: Audited Financial Statements and District Officials.

### **Other Post-Employment Benefits**

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, 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. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District’s total OPEB liability at June 30, 2020 is as follows:

| <u>Changes in the Total OPEB Liability</u>         | <u>Fiscal Year Ending<br/>June 30, 2020:</u> |
|--|--|
| Total OPEB Liability at June 30, 2019              | <u>\$78,454,622</u>                          |
| Charges for the Year:                              |  |
| Service Cost                                       | 2,949,562                                    |
| Interest   | 1,880,396                                    |
| Changes of Benefit Terms                           | 0  |
| Differences Between Expected and Actual Experience | 0  |
| Changes of Assumptions and Other Inputs            | 43,485,684                                   |
| Benefit Payments                                   | <u>(2,778,449)</u>                           |
| Net Changes  | <u>\$45,537,193</u>                          |
| Total OPEB Liability at June 30, 2020              | <u><u>\$123,991,815</u></u>                  |

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both.

## **TAX INFORMATION**

### **Real Property Taxes**

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of Islip. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see “*The Tax Levy Limit Law*” herein for a discussion of certain statutory limitation that have been imposed.

The following table sets forth the percentage of the District’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020, and the amounts budgeted for 2021 and 2022.

| Fiscal Year Ending<br><u>June 30:</u> | <u>Total Revenue</u> | <u>Real Property<br/>Taxes</u> | <u>Real Property<br/>Taxes to<br/>Revenues (%)</u> |
|---------------------------------------|----------------------|--------------------------------|--|
| 2016                                  | \$56,966,172         | \$49,833,303                   | 87.48  |
| 2017                                  | 57,372,069           | 49,914,447                     | 87.00  |
| 2018                                  | 58,139,760           | 50,548,257                     | 86.94  |
| 2019                                  | 59,782,625           | 52,077,906                     | 87.11  |
| 2020                                  | 61,038,785           | 53,981,464                     | 88.44  |
| 2021 (Budgeted) <sup>a</sup>          | 63,091,128           | 56,725,689                     | 89.91  |
| 2022 (Budgeted) <sup>a</sup>          | 63,984,675           | 57,675,362                     | 90.14  |

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted revenues include the application of reserves and fund balance.

### **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. The County thereafter on or before June 15 pays 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.

As a result of the COVID-19 outbreak, the Governor issued an Executive Order that extended the deadline to pay the second installment of school district property taxes until June 1, 2020, without interest or penalty. The delay did not have a material adverse financial impact on the District.

Pursuant to an Executive Order of the Governor dated August 5, 2020, the deadline for the payment of the first half 2020-2021 school district taxes was changed from October 1, 2020 to November 1, 2020; and the deadline by which the first half 2020-2021 school district taxes may be paid without interest or penalties was changed from November 10, 2020 to December 10, 2020, with payments made after such date to be subject to interest and penalties beginning on December 11, 2020. Such extension resulted in a delay in the receipt of taxes collected and paid to school districts by the town tax receiver and by the County in accordance with the procedures set forth above.

### **The Tax Levy Limit Law**

Chapter 97 of the New York 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 bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds 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.

### **STAR - School Tax Exemption**

The STAR (School Tax Relief) 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 \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately 3% (including STAR) of the District’s 2020-2021 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 3% of the District’s 2021-2022 school tax levy exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2022. (See “State Aid” herein).

## Valuations, Rates and Levies

The tax levy for the 2021-2022 year is \$57,675,362.

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2017 through 2021.

|                    | <u>2017</u>     | <u>2018</u>     | <u>2019</u>     | <u>2020</u>     | <u>2021</u>     |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assessed Valuation | \$6,240,460     | \$6,138,412     | \$6,098,484     | \$5,982,433     | \$4,598,803     |
| Equalization Rate  | 0.27%           | 0.25%           | 0.23%           | 0.21%           | 0.17%           |
| Full Valuation     | \$2,311,281,481 | \$2,455,364,800 | \$2,651,514,783 | \$2,848,777,619 | \$2,705,178,235 |
| <br>               |                 |                 |                 |                 |                 |
| Total Tax Levy     | \$49,914,447    | \$50,548,257    | \$52,077,906    | \$53,981,464    | \$56,725,689    |

### Tax Rate per \$100 Assessed Valuation

|         |          |          |          |            |            |
|---------|----------|----------|----------|------------|------------|
| Class 1 | \$930.99 | \$952.96 | \$997.51 | \$1,056.95 | \$2,462.13 |
| Class 2 | 155.05   | 154.69   | 157.11   | 179.28     | 136.80     |
| Class 3 | 581.87   | 558.48   | 557.5    | 526.95     | 749.05     |
| Class 4 | 288.27   | 299.65   | \$286.37 | 296.80     | 270.75     |

Source: Tax Rate Sheets for the Town.

### Selected Listing of Large Taxable Properties in the District 2020-2021 Assessment Roll

| <u>Name</u>            | <u>Type</u>         | <u>Assessed<br/>Valuation</u> |
|------------------------|---------------------|-------------------------------|
| Keyspan Gas East Corp. | Utility             | \$113,493                     |
| LL&FF LLC              | Shopping Center     | 97,200                        |
| East Hills Center, LLC | Retail Stores       | 75,186                        |
| Verizon New York Inc.  | Utility             | 23,542                        |
| Individual             | Residential-Estates | 13,793                        |
| 90 IU LLC              | Multiple Residences | 11,445                        |
| Individual             | Residential-Estates | 8,096                         |
| Individual             | Residential-Estates | 8,085                         |
| Individual             | Residential-Estates | 7,640                         |
|                        | Total <sup>a</sup>  | \$244,987                     |

a. Represents 5.33% of the Assessed Valuation of the District for 2020-2021.

Source: County Department of Assessment.

### Tax Certiorari Claims

In common with other school districts, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of District taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time. (See "Tax Collection Procedure" herein.)

## CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

## 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 and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the District.

## RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

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, the impact to the State's economy and financial condition due to the COVID-19 pandemic 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*" and "*Events Affecting New York School Districts*" 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.

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. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the

enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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 "*The Tax Levy Limit Law*" under "*TAX INFORMATION*" 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.

## **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 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. 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 note 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 the 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 Discount 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 “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note 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 note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note 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 note 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 note 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, could 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) or 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.

### **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix D hereto.

### **DISCLOSURE UNDERTAKING**

In order to assist the purchasers of the Notes 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 execute an "Undertaking to Provide Notices of Events", substantially in the form of which is attached hereto as Appendix E.

### **RATING**

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761 has assigned a rating of "Aa1" to the outstanding bonds of the District. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

### **MUNICIPAL ADVISOR**

Munistat Services, 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 financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial 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 and has reviewed and commented on certain legal documents, including this Official Statement. 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.

### ADDITIONAL INFORMATION

Additional information may be obtained from the office of Diane Castonguay, Assistant Superintendent for Business, East Williston Union Free School District, 11 Bacon Road, Old Westbury, NY 11568, Phone (516) 333-1707, Fax (516) 333-1937 and email: CastonguayD@ewsdmail.org or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District’s 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’s documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases 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 Bonds.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.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. Munistat Services, 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 Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, 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. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions or unauthorized editing or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or owners of any of the Bonds.

By: s/s MARK KAMBERG  
President of the Board of Education  
East Williston Union Free School District  
Old Westbury, New York

September , 2021

**APPENDIX A**

**FINANCIAL INFORMATION**

**Statement of Revenues, Expenditures and Fund Balances  
General Fund**

|   | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>  |                     |                     |                     |                     |                     |
| Real Property Taxes   | \$ 49,833,303       | \$ 49,914,447       | \$ 50,548,257       | \$ 52,077,906       | \$ 53,981,464       |
| Other Real Property Tax Items   | 3,284,674           | 3,226,268           | 3,167,501           | 2,933,368           | 2,333,091           |
| Charges for Services  | 473,233             | 475,537             | 308,658             | 487,050             | 282,643             |
| Use of Money and Property   | 141,319             | 120,331             | 152,837             | 234,434             | 228,623             |
| Sale of Property and<br>Compensation for Loss   |                     | 17,089              | 23,962              | 3,567               | 10,844              |
| Miscellaneous   | 170,951             | 233,865             | 194,305             | 177,299             | 191,497             |
| Medicaid Reimbursement  | 20,726              | 14,292              | 52,191              | 38,244              | 53,174              |
| Federal Sources   |                     |                     |                     |                     |                     |
| State Sources   | <u>3,041,966</u>    | <u>3,370,240</u>    | <u>3,692,049</u>    | <u>3,830,757</u>    | <u>3,957,449</u>    |
| <b>Total Revenues</b>   | <u>56,966,172</u>   | <u>57,372,069</u>   | <u>58,139,760</u>   | <u>59,782,625</u>   | <u>61,038,785</u>   |
| <b>Expenditures:</b>  |                     |                     |                     |                     |                     |
| General Support   | 5,780,133           | 5,360,586           | 5,424,039           | 5,673,024           | 5,399,076           |
| Instruction   | 30,490,976          | 31,253,824          | 32,566,407          | 33,245,810          | 33,413,287          |
| Pupil Transportation  | 2,512,890           | 2,478,516           | 2,576,363           | 2,668,498           | 2,316,993           |
| Community Services  | 29,076              | 30,038              | 29,921              | 37,410              | 27,296              |
| Employee Benefits   | 12,853,230          | 13,146,255          | 13,356,409          | 14,065,284          | 13,656,058          |
| Debt Service  | <u>46,833</u>       | <u>61,556</u>       | <u>65,639</u>       | <u>86,472</u>       | <u>46,861</u>       |
| <b>Total Expenditures</b>   | 51,713,138          | 52,330,775          | 54,018,778          | 55,776,498          | 54,859,571          |
| Excess (Deficit) of Revenues<br>Over Expenditures                                     | 5,253,034           | 5,041,294           | 4,120,982           | 4,006,127           | 6,179,214           |
| <b>Other Financing Sources (Uses)</b>   |                     |                     |                     |                     |                     |
| Interfund Transfers In  | 23,595              | 6,578               | 11,375              | 30,918              | 281,317             |
| Interfund Transfers Out   | <u>(5,411,490)</u>  | <u>(3,961,617)</u>  | <u>(2,733,381)</u>  | <u>(8,088,315)</u>  | <u>(2,975,589)</u>  |
| <b>Total Other Financing Sources (Uses)</b>   | <u>(5,387,895)</u>  | <u>(3,955,039)</u>  | <u>(2,722,006)</u>  | <u>(8,057,397)</u>  | <u>(2,694,272)</u>  |
| Excess (Deficit) of Revenues<br>and Other Sources over<br>Expenditures and Other Uses | (134,861)           | 1,086,255           | 1,398,976           | (4,051,270)         | 3,484,942           |
| Fund Balance - Beg. of Year   | 7,592,082           | 7,457,221           | 8,543,476           | 9,942,452           | 5,891,182           |
| Adjustments   |                     |                     |                     |                     |                     |
| <b>Fund Balance - End of Year</b>   | <u>\$ 7,457,221</u> | <u>\$ 8,543,476</u> | <u>\$ 9,942,452</u> | <u>\$ 5,891,182</u> | <u>\$ 9,376,124</u> |

Source: Audited Financial Statements (2016-2020)

NOTE: This table NOT audited

**Comparative Balance Sheet  
General Fund**

Fiscal Year Ending June 30:

|  | <u>2018</u>                 | <u>2019</u>                 | <u>2020</u>                 |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Assets:</b>                                 |                             |                             |                             |
| Unrestricted Cash                              | \$ 4,011,480                | \$ 6,886,265                | \$ 5,659,730                |
| Restricted Cash                                | 7,161,596                   | 6,455,743                   | 3,639,477                   |
| Due From Other Governments                     | 1,951,457                   | 1,703,910                   | 3,768,383                   |
| Due From Other Funds                           | 616,037                     | 394,766                     | 487,816                     |
| Due From Fiduciary Funds                       |                             |                             |                             |
| Other Receivables, Net                         | 74,299                      | 48,312                      | 35,095                      |
| Prepaid Expenditures                           |                             |                             |                             |
| State and Federal Receivables                  | <u>215,293</u>              | <u>131,704</u>              | <u>168,133</u>              |
| <b>Total Assets</b>                            | <b><u>\$ 14,030,162</u></b> | <b><u>\$ 15,620,700</u></b> | <b><u>\$ 13,758,634</u></b> |
| <b>Liabilities &amp; Deferred Revenue:</b>     |                             |                             |                             |
| Accounts Payable                               | \$ 702,752                  | \$ 986,572                  | \$ 697,680                  |
| Accrued Liabilities                            | 279,359                     | 319,229                     | 426,059                     |
| Due to Other Funds                             | 135                         | 4,943,610                   | 7,776                       |
| Due to Other Governments                       | 83,604                      | 226,235                     | 370,219                     |
| Due to Retirement Systems                      | 2,965,755                   | 3,253,872                   | 2,775,852                   |
| Compensated Absences Payable                   |                             |                             |                             |
| Due to Fiduciary Funds                         |                             |                             |                             |
| Deferred Revenue                               | <u>56,105</u>               | <u>                    </u> | <u>104,924</u>              |
| <b>Total Liabilities &amp; Deferred Revent</b> | <b><u>\$ 4,087,710</u></b>  | <b><u>\$ 9,729,518</u></b>  | <b><u>\$ 4,382,510</u></b>  |
| <b>Fund Balance:</b>                           |                             |                             |                             |
| Nonspendable                                   | \$                          | \$                          | \$                          |
| Restricted                                     | 6,936,944                   | 2,836,391                   | 3,639,477                   |
| Assigned                                       | 605,225                     | 587,202                     | 3,213,001                   |
| Unassigned                                     | <u>2,400,283</u>            | <u>2,467,589</u>            | <u>2,523,646</u>            |
| <b>Total Fund Balance</b>                      | <b><u>\$ 9,942,452</u></b>  | <b><u>\$ 5,891,182</u></b>  | <b><u>\$ 9,376,124</u></b>  |
| <b>Total Liabilities and Fund Equity</b>       | <b><u>\$ 14,030,162</u></b> | <b><u>\$ 15,620,700</u></b> | <b><u>\$ 13,758,634</u></b> |

Source: Audited Financial Statements

NOTE: This table NOT audited

**Budget Summaries**  
**General Fund**

|                                      | <u>2020-2021<sup>1</sup></u> | <u>2021-2022<sup>2</sup></u> |
|--------------------------------------|------------------------------|------------------------------|
| Real Property Taxes (Includes PILOT) | \$ 57,408,919                | \$ 58,425,353                |
| State and Federal Aid                | 3,722,084                    | 4,074,351                    |
| Miscellaneous                        | 1,416,125                    | 940,971                      |
| Appropriated Fund Balance            | <u>544,000</u>               | <u>544,000</u>               |
| <br>                                 |                              |                              |
| Total Revenues                       | <u>\$ 63,091,128</u>         | <u>\$ 63,984,675</u>         |
| <br>                                 |                              |                              |
| Expenditures:                        |                              |                              |
| General Support                      | \$ 5,908,216                 | \$ 6,093,208                 |
| Instruction                          | 36,021,813                   | 36,675,777                   |
| Pupil Transportation                 | 2,864,230                    | 3,039,246                    |
| Community Services                   |                              |                              |
| Employee Benefits                    | 15,658,686                   | 16,193,986                   |
| Debt Service                         | 799,583                      | 793,858                      |
| Interfund Transfers                  | <u>1,838,600</u>             | <u>1,188,600</u>             |
| <br>                                 |                              |                              |
| Total Expenditures                   | <u>\$ 63,091,128</u>         | <u>\$ 63,984,675</u>         |

1. The 2020-21 budget was approved by the voters of the District on June 16, 2020
2. The 2021-22 budget was approved by the voters of the District on May 18, 2021.

Source: Adopted Budgets of the District

**APPENDIX B**

**CASH FLOWS**

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**

**CASH FLOW SUMMARY 2020-21 (Actual)**

(General Fund Only)

|                             | July             | Aug              | Sept             | Oct              | Nov              | Dec               | Jan              | Feb              | Mar              | Apr              | May               | June              | TOTALS            |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Balance                     | 7,582,061        | 5,352,686        | 6,263,753        | 2,300,518        | 1,978,704        | 544,101           | 17,732,666       | 15,928,707       | 11,767,988       | 8,118,309        | 6,787,786         | 18,430,486        | 7,582,061 a.      |
| <b>Receipts</b>             |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                   |                   |                   |
| Property Taxes              | 0                | 2,489,485        | 0                | 0                | 2,600,000        | 24,300,000        | 2,790,800        | 0                | 0                | 2,800,000        | 14,816,961        | 6,019,212         | 55,816,458        |
| STAR Payment                | 0                | 0                | 0                | 0                | 0                | 0                 | 1,484,627        | 0                | 0                | 0                | 0                 | 0                 | 1,484,627         |
| State Aid                   | 0                | 100,697          | 355,539          | 13,033           | 12,812           | 235,587           | 0                | 46,101           | 535,232          | 57,535           | 0                 | 132,232           | 1,488,768         |
| BOCES Aid                   | 229,660          | 0                | 48,597           | 285,191          | 0                | 0                 | 0                | 53,986           | 243,956          | 0                | 0                 | 207,240           | 1,068,631         |
| Other Receipts              | 576,464          | 60,023           | 75,781           | 40,801           | 9,308            | 337,564           | 32,351           | 41,195           | 178,886          | 21,070           | 820,972           | 386,993           | 2,581,407         |
| TAN Proceeds                | 0                | 0                | 0                | 4,023,311        | 0                | 0                 | 0                | 0                | 0                | 0                | 0                 | 0                 | 4,023,311         |
| <b>Total Receipts</b>       | <b>806,124</b>   | <b>2,650,206</b> | <b>479,917</b>   | <b>4,362,337</b> | <b>2,622,120</b> | <b>24,873,151</b> | <b>4,307,778</b> | <b>141,282</b>   | <b>958,074</b>   | <b>2,878,605</b> | <b>15,637,932</b> | <b>6,745,677</b>  | <b>66,463,202</b> |
| <b>Disbursements</b>        |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                   |                   |                   |
| Operating Expenses          | 2,156,984        | 1,738,146        | 4,342,206        | 4,683,699        | 4,056,722        | 7,684,587         | 4,433,026        | 4,301,672        | 4,607,340        | 4,201,322        | 3,994,144         | 10,187,699        | 56,387,547        |
| Debt Service                | 517,429          | 0                | 0                | 0                | 0                | 0                 | 207,154          | 0                | 0                | 0                | 0                 | 0                 | 724,583           |
| Other Disbursements         | 361,086          | 993              | 100,946          | 452              | 0                | 0                 | 1,471,557        | 329              | 413              | 7,807            | 1,088             | 3,450,099         | 5,394,769         |
| TAN Principal               |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                   | 4,000,000         | 4,000,000         |
| TAN Interest                |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                   | 36,667            | 36,667            |
| <b>Total Disbursements</b>  | <b>3,035,499</b> | <b>1,739,139</b> | <b>4,443,152</b> | <b>4,684,151</b> | <b>4,056,722</b> | <b>7,684,587</b>  | <b>6,111,737</b> | <b>4,302,001</b> | <b>4,607,753</b> | <b>4,209,128</b> | <b>3,995,232</b>  | <b>17,674,465</b> | <b>66,543,566</b> |
| Balance                     | 5,352,686        | 6,263,753        | 2,300,518        | 1,978,704        | 544,101          | 17,732,666        | 15,928,707       | 11,767,988       | 8,118,309        | 6,787,786        | 18,430,486        | 7,501,698         | 7,501,698         |
| <b>Note Payment Account</b> |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                   |                   |                   |
| Opening Balance             | 0                | 0                | 0                | 0                | 0                | 0                 | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 |
| Receipts                    | 0                | 0                | 0                | 0                | 0                | 0                 | 0                | 0                | 0                | 0                | 0                 | 4,000,000         | 4,000,000         |
| Disbursements               | 0                | 0                | 0                | 0                | 0                | 0                 | 0                | 0                | 0                | 0                | 0                 | 4,000,000         | 4,000,000         |
| Closing Balance             | 0                | 0                | 0                | 0                | 0                | 0                 | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 |

a. Opening balance for 2020 includes approximately \$1.9 million in certain restricted reserves.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**

**CASH FLOW SUMMARY 2021-22 (Projected)**

(General Fund Only)

|                             | July      | Aug       | Sept      | Oct       | Nov        | Dec        | Jan        | Feb        | Mar       | Apr       | May        | June       | TOTALS       |
|-----------------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|-----------|-----------|------------|------------|--------------|
| Balance                     | 7,501,698 | 4,269,718 | 4,665,530 | 2,034,441 | 2,028,636  | 22,693,515 | 20,016,985 | 14,137,571 | 9,798,064 | 5,766,827 | 4,582,311  | 15,987,922 | 7,501,698 a. |
| <b>Receipts</b>             |           |           |           |           |            |            |            |            |           |           |            |            |              |
| Property Taxes              | 0         | 1,925,298 | 0         | 2,640,947 | 24,583,283 | 3,084,851  | 0          | 0          | 0         | 2,868,518 | 14,947,198 | 6,125,540  | 56,175,636   |
| STAR Payment                | 15,162    | 0         | 0         | 0         | 0          | 0          | 1,485,000  | 0          | 0         | 0         | 0          | 0          | 1,500,162    |
| State Aid                   | 0         | 99,715    | 1,402,898 | 736,534   | 12,687     | 233,227    | 0          | 45,651     | 530,014   | 56,974    | 0          | 130,943    | 3,248,643    |
| BOCES Aid                   | 0         | 46,282    | 177,440   | 37,547    | 220,345    |            |            | 0          | 41,711    | 188,486   |            | 160,093    | 871,904      |
| Other Receipts              | 134,280   | 74,518    | 71,870    | 67,005    | 26,987     | 275,598    | 47,380     | 45,564     | 142,599   | 28,867    | 572,382    | 80,887     | 1,567,936    |
| TAN Proceeds                | 0         | 0         | 0         | 3,300,000 | 0          | 0          | 0          | 0          | 0         | 0         | 0          | 0          | 3,300,000    |
| Total Receipts              | 149,442   | 2,145,813 | 1,652,208 | 6,782,033 | 24,843,303 | 3,593,675  | 1,532,380  | 91,215     | 714,323   | 3,142,845 | 15,519,580 | 6,497,463  | 66,664,281   |
| <b>Disbursements</b>        |           |           |           |           |            |            |            |            |           |           |            |            |              |
| Operating Expenses          | 2,849,891 | 1,750,001 | 4,283,297 | 6,787,838 | 4,178,424  | 6,270,206  | 6,210,393  | 4,430,722  | 4,745,560 | 4,327,361 | 4,113,969  | 10,493,330 | 60,440,991   |
| Debt Service                | 495,926   | 0         | 0         | 0         | 0          | 0          | 201,401    | 0          | 0         | 0         | 0          | 0          | 697,327      |
| Other Disbursements         | 35,605    | 0         | 0         | 0         | 0          | 0          | 1,000,000  | 0          | 0         | 0         | 0          | 0          | 1,035,605    |
| TAN Principal               |           |           |           |           |            |            |            |            |           |           |            | 3,300,000  |              |
| TAN Interest                |           |           |           |           |            |            |            |            |           |           |            | 40,000     |              |
| Total Disbursements         | 3,381,422 | 1,750,001 | 4,283,297 | 6,787,838 | 4,178,424  | 6,270,206  | 7,411,794  | 4,430,722  | 4,745,560 | 4,327,361 | 4,113,969  | 13,833,330 | 62,173,923   |
| Balance                     | 4,269,718 | 4,665,530 | 2,034,441 | 2,028,636 | 22,693,515 | 20,016,985 | 14,137,571 | 9,798,064  | 5,766,827 | 4,582,311 | 15,987,922 | 8,652,055  | 11,992,055   |
| <b>Note Payment Account</b> |           |           |           |           |            |            |            |            |           |           |            |            |              |
| Opening Balance             | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0          | 0          | 0            |
| Receipts                    | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0          | 3,300,000  | 3,300,000    |
| Disbursements               | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0          | 3,300,000  | 3,300,000    |
| Closing Balance             | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0          | 0          | 0            |

a. Opening balance for 2021 includes approximately \$2.0 million in certain restricted reserves.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.



**EAST WILLISTON  
UNION FREE SCHOOL DISTRICT**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS

June 30, 2020

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
East Williston Union Free School District  
Old Westbury, New York

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 54 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Williston Union Free School District's basic financial statements. The other supplementary information on pages 59 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the East Williston Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Williston Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Williston Union Free School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

October 14, 2020

**EAST WILLISTON UNION FREE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

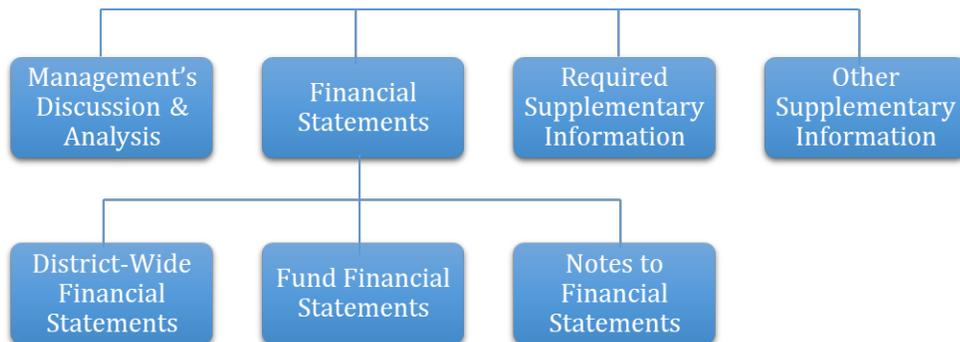
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- The District’s total net position, as reflected in the district-wide financial statements (as shown on pages 16 and 17), decreased by \$7,650,037. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District’s expenses for the year, as reflected in the district-wide financial statements (as shown on page 17), totaled \$70,140,569. Of this amount, \$1,596,859 was offset by program charges for services, operating grants and capital grants. General revenues of \$60,893,673 amount to 97.4% of total revenues.
- The general fund’s total fund balance, as reflected in the fund financial statements (as shown on pages 18 and 20), increased by \$3,484,942 to \$9,376,124. This was due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. The District realized unanticipated savings in some areas of expenditures as a result of the school closure ordered by Governor Cuomo.
- The District’s 2020 property tax levy of \$55,619,629 was a 2.49% increase over the 2019 tax levy. The District’s property tax cap was 3.41%.
- The District established a Board-designated assigned fund balance in the amount of \$2,600,000. The funds will address additional expenditures associated with payroll and supplies to ensure the health and safety of students and staff during the 2020-21 school year and potential state aid cut due to the novel coronavirus disease (COVID-19) pandemic.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**A. District-Wide Financial Statements**

The district-wide financial statements, on pages 16 and 17, present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

**B. Fund Financial Statements**

The fund financial statements, presented on pages 18, 20, 22 and 23, provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

Governmental Funds

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities, which can be found on pages 19 and 21.

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

**A. Net Position**

The District's total net position decreased by \$7,650,037 between fiscal year 2020 and 2019. The decrease is due to expenses in excess of revenues using the economic measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

|                                       | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|---------------------------------------|----------------------|----------------------|--------------------------------|------------------------------|
| <b>Assets</b>                         |                      |                      |                                |                              |
| Current and Other Assets              | \$ 21,608,936        | \$ 19,704,064        | \$ 1,904,872                   | 9.67 %                       |
| Capital Assets, Net                   | 24,631,262           | 22,749,053           | 1,882,209                      | 8.27 %                       |
| Net Pension Asset -                   |                      |                      |                                |                              |
| Proportionate Share                   | <u>4,282,568</u>     | <u>2,959,774</u>     | <u>1,322,794</u>               | 44.69 %                      |
| Total Assets                          | <u>50,522,766</u>    | <u>45,412,891</u>    | <u>5,109,875</u>               | 11.25 %                      |
| <b>Deferred Outflows of Resources</b> | <u>54,594,672</u>    | <u>19,149,895</u>    | <u>35,444,777</u>              | 185.09 %                     |
| <b>Liabilities</b>                    |                      |                      |                                |                              |
| Current and Other Liabilities         | 5,983,810            | 5,407,159            | 576,651                        | 10.66 %                      |
| Long-Term Liabilities                 | 5,102,322            | 6,781,584            | (1,679,262)                    | (24.76)%                     |
| Net Pension Liability -               |                      |                      |                                |                              |
| Proportionate Share                   | 2,660,752            | 789,746              | 1,871,006                      | 236.91 %                     |
| Total OPEB Liability                  | <u>123,991,815</u>   | <u>78,454,622</u>    | <u>45,537,193</u>              | 58.04 %                      |
| Total Liabilities                     | <u>137,738,699</u>   | <u>91,433,111</u>    | <u>46,305,588</u>              | 50.64 %                      |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

|                                      | <u>June 30, 2020</u>   | <u>June 30, 2019</u>   | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|--------------------------------------|------------------------|------------------------|--------------------------------|------------------------------|
| <b>Deferred Inflows of Resources</b> | <u>\$ 6,137,107</u>    | <u>\$ 4,238,006</u>    | <u>\$ 1,899,101</u>            | 44.81 %                      |
| <b>Net Position (Deficit)</b>        |                        |                        |                                |                              |
| Net Investment in Capital Assets     | 19,993,351             | 16,532,272             | 3,461,079                      | 20.94 %                      |
| Restricted                           | 7,794,336              | 9,769,339              | (1,975,003)                    | (20.22)%                     |
| Unrestricted (Deficit)               | <u>(66,546,055)</u>    | <u>(57,409,942)</u>    | <u>(9,136,113)</u>             | (15.91)%                     |
| Total Net Position (Deficit)         | <u>\$ (38,758,368)</u> | <u>\$ (31,108,331)</u> | <u>\$ (7,650,037)</u>          | (24.59)%                     |

The increase in current and other assets is primarily related to an increase in due from other governments, which was offset by decreases in cash and due from state and federal. See the Statement of Net Position on page 16 for a listing of all current and other assets.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information on page 38.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information on page 42.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years. See the Statement of Net Position on page 16 for a listing of deferred outflows of resources.

The increase in current and other liabilities is primarily in connection with accounts payable and due to other governments, offset by decreases in due to teachers' retirement system and due to employees' retirement system. See the Statement of Net Position on page 16 for a listing of current and other liabilities.

The decrease in long-term liabilities is primarily the result of the repayment of the current maturity of the bond indebtedness and energy performance contract liability. The accompanying Notes to Financial Statements, Note 12 "Long-Term Liabilities" provides additional information on page 40.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's (ERS) collective net pension liability at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information on page 42.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits," provides additional information on page 48.

Deferred inflows of resources represent actuarial adjustments of the pension plans that will be amortized in future years. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information on page 42.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. This number increased over the prior year due to capital additions and principal debt reduction, net of depreciation expense during the year. The accompanying Other Supplementary Information "Schedule of Net Investment in Capital Assets" provides additional information on page 62.

The restricted amount relates to the District's reserves. This number decreased from the prior year, principally due to ongoing capital improvements expenditures funded by capital reserves in excess of new funding provided to the reserves. See the Statement of Net Position on page 16 for a detail of restricted reserves.

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

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities (presented on page 17) in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

|                         | <u>June 30, 2020</u>  | <u>June 30, 2019</u> | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|-------------------------|-----------------------|----------------------|--------------------------------|------------------------------|
| <b>Revenues</b>         |                       |                      |                                |                              |
| Program Revenues        |                       |                      |                                |                              |
| Charges for Services    | \$ 614,206            | \$ 1,020,788         | \$ (406,582)                   | (39.83)%                     |
| Operating Grants        | 937,902               | 893,269              | 44,633                         | 5.00 %                       |
| Capital Grants          | 44,751                |                      | 44,751                         | N/A                          |
| General Revenues        |                       |                      |                                |                              |
| Property Taxes and STAR | 55,626,974            | 54,280,398           | 1,346,576                      | 2.48 %                       |
| State Sources           | 4,062,373             | 3,830,757            | 231,616                        | 6.05 %                       |
| Other                   | 1,204,326             | 1,391,571            | (187,245)                      | (13.46)%                     |
| Total Revenues          | <u>62,490,532</u>     | <u>61,416,783</u>    | <u>1,073,749</u>               | 1.75 %                       |
| <b>Expenses</b>         |                       |                      |                                |                              |
| General Support         | 7,628,522             | 7,047,248            | 581,274                        | 8.25 %                       |
| Instruction             | 59,075,596            | 49,153,490           | 9,922,106                      | 20.19 %                      |
| Pupil Transportation    | 2,710,626             | 3,009,372            | (298,746)                      | (9.93)%                      |
| Community Service       | 37,270                | 47,772               | (10,502)                       | (21.98)%                     |
| Debt Service - Interest | 180,915               | 274,392              | (93,477)                       | (34.07)%                     |
| Food Service Program    | 507,640               | 747,690              | (240,050)                      | (32.11)%                     |
| Total Expenses          | <u>70,140,569</u>     | <u>60,279,964</u>    | <u>9,860,605</u>               | 16.36 %                      |
| Change in Net Position  | <u>\$ (7,650,037)</u> | <u>\$ 1,136,819</u>  | <u>\$ (8,786,856)</u>          | (772.93)%                    |

The District's net position decreased by \$7,650,037 and increased by \$1,136,819 for the years ended June 30, 2020 and 2019, respectively.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

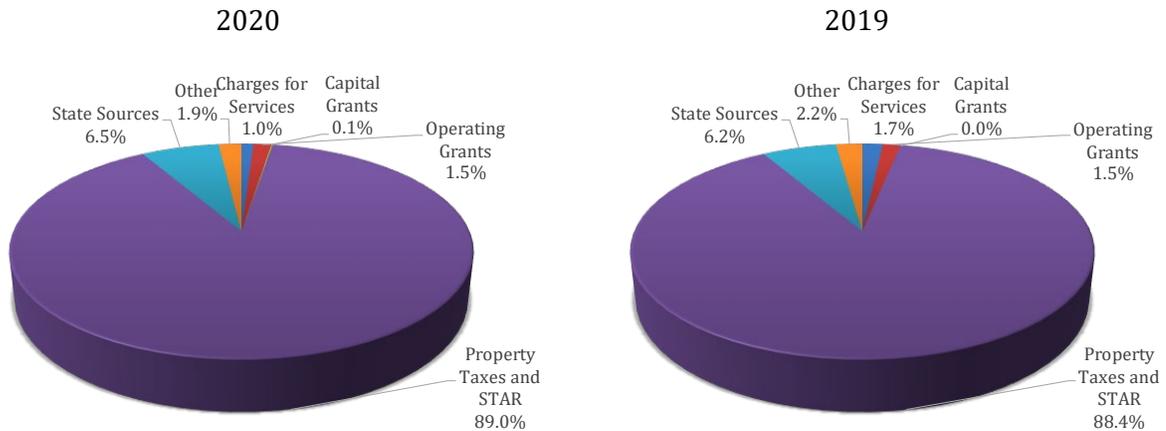
The District's revenues increased by \$ 1,073,749 or 1.75%. The major factors that contributed to the increase were:

- Property taxes and STAR revenues increased by \$ 1,346,576.
- The District received more state aid in the current year than during the prior year.

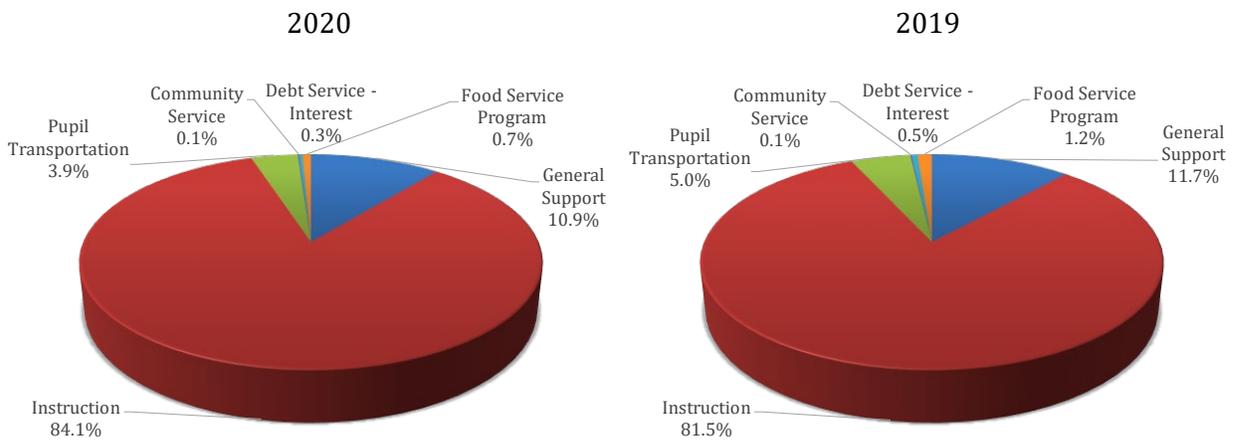
The District's total expenses for the year increased by \$9,860,605 or 16.36%. The increase in expense is primarily due to the impact of the net changes in net pension asset – proportionate share, net pension liability – proportionate share and other postemployment benefits costs allocated based on the current year actuarial reports.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 89.0% and 88.4% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 84.1% and 81.5% of the total for the years 2020 and 2019, respectively).

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



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



**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

At June 30, 2020, the District's governmental funds (as presented on pages 18 and 20) reported a combined fund balance of \$15,593,496, which is an increase of \$1,436,049 over the prior year. This increase is due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

|                                       | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|---------------------------------------|----------------------|----------------------|--------------------------------|------------------------------|
| <b>General Fund</b>                   |                      |                      |                                |                              |
| Restricted                            |                      |                      |                                |                              |
| Workers' compensation                 | \$ 25,867            | \$ 25,624            | \$ 243                         | 0.95 %                       |
| Unemployment insurance                | 25,867               | 25,624               | 243                            | 0.95 %                       |
| Retirement contribution               |                      |                      |                                |                              |
| Employees' retirement system          | 1,539,558            | 1,525,082            | 14,476                         | 0.95 %                       |
| Employee benefit accrued liability    | 284,216              | 281,544              | 2,672                          | 0.95 %                       |
| Capital                               | 1,715,581            | 930,584              | 784,997                        | 84.36 %                      |
| Repairs                               | 48,388               | 47,933               | 455                            | 0.95 %                       |
| Assigned:                             |                      |                      |                                |                              |
| Appropriated fund balance             | 544,000              | 544,000              | -                              | 0.00 %                       |
| Special Designation - COVID-19        | 2,600,000            |                      | 2,600,000                      | N/A                          |
| Unappropriated fund balance           | 69,001               | 43,202               | 25,799                         | 59.72 %                      |
| Unassigned: Fund balance              | 2,523,646            | 2,467,589            | 56,057                         | 2.27 %                       |
|                                       | <u>9,376,124</u>     | <u>5,891,182</u>     | <u>3,484,942</u>               | 59.16 %                      |
| <b>School Food Service Fund</b>       |                      |                      |                                |                              |
| Nonspendable: Inventory               | 3,552                | 1,114                | 2,438                          | 218.85 %                     |
| Assigned: Unappropriated fund balance | 427,223              | 433,301              | (6,078)                        | (1.40)%                      |
|                                       | <u>430,775</u>       | <u>434,415</u>       | <u>(3,640)</u>                 | (0.84)%                      |
| <b>Debt Service Fund</b>              |                      |                      |                                |                              |
| Restricted: Debt service              | 105,886              | 355,886              | (250,000)                      | (70.25)%                     |
| <b>Capital Projects Fund</b>          |                      |                      |                                |                              |
| Restricted: Capital                   | 4,048,973            | 6,577,062            | (2,528,089)                    | (38.44)%                     |
| Assigned: Unappropriated fund balance | 1,631,738            | 898,902              | 732,836                        | 81.53 %                      |
|                                       | <u>5,680,711</u>     | <u>7,475,964</u>     | <u>(1,795,253)</u>             | (24.01)%                     |
| Total Fund Balance                    | <u>\$ 15,593,496</u> | <u>\$ 14,157,447</u> | <u>\$ 1,436,049</u>            | 10.14 %                      |

**A. General Fund**

The net change in the general fund – fund balance is an increase of \$3,484,942. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The District's revenues and other financing sources increased by \$1,506,559 or 2.52%, as compared to the prior year. This increase is primarily attributable to the increase in property taxes and STAR, offset by a decrease in charges for services. The increase in property taxes and STAR is due to an increase in the tax levy in accordance with the 2019- 2020 budget.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Expenditures and other financing uses decreased by \$6,029,653 or 9.44% from the prior year. This decrease was primarily due to decreases in general support, pupil transportation, employee benefits and operating transfers out, offset by an increase in instruction. The decreases in general support and pupil transportation are primarily associated with the school closure in response to the COVID-19 pandemic health crisis. The decrease in employee benefits is due to a decrease in employer contribution rates for the Teachers' Retirement System. Additionally, in the prior year, the District transferred \$6,104,012 to the capital projects fund to fund district-wide improvements, whereas, in the current year, the District transferred \$1,000,000 to fund current capital projects using general fund appropriations.

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

|                         | Balance @<br>June 30, 2019 | Use of<br>Reserves | Interest         | Funding           | Balance @<br>June 30, 2020 | Appropriated<br>for<br>June 30, 2021 |
|-------------------------|----------------------------|--------------------|------------------|-------------------|----------------------------|--------------------------------------|
| Workers' compensation   | \$ 25,624                  | \$                 | \$ 243           | \$ -              | \$ 25,867                  | \$                                   |
| Unemployment insurance  | 25,624                     |                    | 243              | -                 | 25,867                     |                                      |
| Retirement contribution |                            |                    |                  |                   |                            |                                      |
| ERS                     | 1,525,082                  |                    | 14,476           | -                 | 1,539,558                  | 540,000                              |
| EBALR                   | 281,544                    |                    | 2,672            | -                 | 284,216                    |                                      |
| Capital                 | 930,584                    |                    | 8,833            | 776,164           | 1,715,581                  |                                      |
| Repairs                 | 47,933                     |                    | 455              | -                 | 48,388                     |                                      |
|                         | <u>\$ 2,836,391</u>        | <u>\$ -</u>        | <u>\$ 26,922</u> | <u>\$ 776,164</u> | <u>\$ 3,639,477</u>        | <u>\$ 540,000</u>                    |

Additional detail regarding capital reserves can be found in Note 20 "Restricted for Capital Reserves" on page 51.

**B. School Food Service Fund**

The net change in the school food service fund – fund balance is a decrease of \$3,640, which was the net operating loss of the school food service program.

**C. Debt Service Fund**

The net change in the debt service fund – fund balance is a decrease of \$250,000. The decrease is due to the budgeted transfer to the general fund to partially fund current year debt service payments.

**D. Capital Projects Fund**

The net change in the capital projects fund – fund balance is a decrease of \$1,795,253. The District transferred \$1,000,000 from the general fund into the capital projects fund for various capital projects and recognized \$266,987 in state sources for capital grants related to technology infrastructure, and expended \$3,062,240 on capital projects, which resulted in the decrease in fund balance.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The following is a summary of the District's capital projects fund restricted fund balance activities:

|                      | Balance @<br>June 30, 2019 | Use of<br>Reserves    | Funding     | Balance @<br>June 30, 2020 |
|----------------------|----------------------------|-----------------------|-------------|----------------------------|
| 2018 Repair Reserve  | \$ 150,000                 | \$ (150,000)          | \$ -        | \$ -                       |
| 2013 Capital Reserve | 28,184                     |                       | -           | 28,184                     |
| 2015 Capital Reserve | 1,908,861                  | (521,745)             | -           | 1,387,116                  |
| 2016 Capital Reserve | 4,490,017                  | (1,856,344)           | -           | 2,633,673                  |
|                      | <u>\$ 6,577,062</u>        | <u>\$ (2,528,089)</u> | <u>\$ -</u> | <u>\$ 4,048,973</u>        |

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-2020 Budget**

The District's general fund adopted budget for the year ended June 30, 2020 was \$61,689,714. This amount was increased by encumbrances carried forward from the prior year in the amount of \$43,202 and budget revisions in the amount of \$10,967 for a total final budget of \$61,743,883.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$55,619,629 in estimated property taxes and STAR.

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

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

|  |                     |
|--|---------------------|
| Opening, Unassigned Fund Balance                   | \$ 2,467,589        |
| Revenues Over Budget                               | 163,421             |
| Expenditures and Encumbrances Under Budget         | 3,839,722           |
| Allocation to Reserves                             | (803,086)           |
| Appropriated to Fund the June 30, 2021 Budget      | <u>(544,000)</u>    |
| Unassigned Fund Balance before Special Designation | 5,123,646           |
| Special Designation - COVID-19                     | <u>(2,600,000)</u>  |
| Closing, Unassigned Fund Balance                   | <u>\$ 2,523,646</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Opening, Unassigned Fund Balance

The \$2,467,589 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenues Over Budget

The 2019-2020 final budget for revenues was \$61,156,681. Actual revenues recognized for the year were \$61,320,102. The excess of actual revenue over estimated or budgeted revenue was \$163,421, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 final budget for expenditures was \$61,743,883. Actual expenditures as of June 30, 2020 were \$57,835,160 and outstanding encumbrances were \$69,001. Combined, the expenditures plus encumbrances for 2019-2020 were \$57,904,161. The final budget variance was \$3,839,722, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. As a result of the school closure from March 12, 2020 to June 26, 2020 due to the COVID-19 pandemic, some of the contractual expenditures were unspent, and many activities, such as athletics and field trips, did not take place. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis (page 10) details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$544,000 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Special Designation – COVID-19

As a result of the Governor's Executive Order on March 16, 2020, all schools were ordered to close their buildings to students effective March 18, 2020. Schools remained closed by subsequent Executive Orders through the remainder of the 2019-2020 school year. As a result, the District realized unanticipated savings from lower salaries and stipends paid to staff due to cancelled sports and clubs activities, lower contract costs for transportation, and lower supplies and materials costs. The District has placed a special designation of \$2,600,000 of the available June 30, 2020 unassigned fund balance to be used to provide funding for unanticipated costs associated with the re-opening of the schools for the 2020-2021 school year. These costs are the direct result of implementing and complying with new NYSED and NYS DOH school-specific guidelines directly related to the COVID-19 pandemic national health crisis and the re-opening of schools.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2020 is \$2,523,646. For purposes of determining the 4% statutory limit pursuant to Real Property Tax Law §1318, New York State also subjects the fund balance assigned for special designation in the amount of \$2,600,000 to the calculation of the limit.

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

**A. Capital Assets**

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the following table (which was derived from the accompanying Notes to the Financial Statements, Note 9 "Capital Assets" on page 38). The net increase in capital assets is due to capital additions of \$3,379,274 in excess of depreciation expense of \$1,497,065 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 is as follows:

|                                   | June 30, 2020        | June 30, 2019        | Increase<br>(Decrease) |
|-----------------------------------|----------------------|----------------------|------------------------|
| Land                              | \$ 316,600           | \$ 316,600           | \$ -                   |
| Construction in progress          | 3,105,631            | 3,199,080            | (93,449)               |
| Buildings                         | 19,784,863           | 17,888,338           | 1,896,525              |
| Improvements Other Than Buildings | 326,574              | 376,845              | (50,271)               |
| Equipment                         | 1,097,594            | 968,190              | 129,404                |
| Capital assets, net               | <u>\$ 24,631,262</u> | <u>\$ 22,749,053</u> | <u>\$ 1,882,209</u>    |

**B. Debt Administration**

At June 30, 2020, the District had total bonds payable of \$2,745,000 as stated in the accompanying Notes to the Financial Statements, Note 12 "Long-Term Liabilities" on page 40. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments during the year ended June 30, 2020. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

| Issue<br>Date | Interest<br>Rate | June 30, 2020               | June 30, 2019       | Increase<br>(Decrease) |
|---------------|------------------|-----------------------------|---------------------|------------------------|
| 2009          | 3.0-4.25%        | \$ 1,665,000                | \$ 1,800,000        | \$ (135,000)           |
| 2010          | 2.0-3.0%         | 1,080,000                   | 1,245,000           | (165,000)              |
| 2015          | 2.0-4.0%         | <u>                    </u> | <u>1,020,000</u>    | <u>(1,020,000)</u>     |
|               |                  | <u>\$ 2,745,000</u>         | <u>\$ 4,065,000</u> | <u>\$ (1,320,000)</u>  |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

At June 30, 2020, the District had an energy performance contract payable of \$1,892,911 as stated in the accompanying Notes to the Financial Statements, Note 12 "Long-Term Liabilities" on page 40. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

| Issue<br>Date | Interest<br>Rate | June 30, 2020       | June 30, 2019       | Increase<br>(Decrease) |
|---------------|------------------|---------------------|---------------------|------------------------|
| 2011          | 3.12%            | <u>\$ 1,892,911</u> | <u>\$ 2,151,781</u> | <u>\$ (258,870)</u>    |

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1.

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, net pension liability – proportionate share and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The net pension liability – proportionate share and the total other postemployment benefits liability are based on actuarial valuations.

|  | June 30, 2020         | June 30, 2019        | Increase<br>(Decrease) |
|--|-----------------------|----------------------|------------------------|
| Compensated absences payable                   | \$ 454,273            | \$ 485,407           | \$ (31,134)            |
| Net pension liability -<br>proportionate share | 2,660,752             | 789,746              | 1,871,006              |
| Total OPEB liability                           | <u>123,991,815</u>    | <u>78,454,622</u>    | <u>45,537,193</u>      |
|  | <u>\$ 127,106,840</u> | <u>\$ 79,729,775</u> | <u>\$ 47,377,065</u>   |

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

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is \$63,091,128. This is an increase of \$1,401,414 or 2.27% over the previous year's budget. The increase is primarily within the instruction program area of the budget.

The District budgeted revenues other than property taxes and STAR at a \$295,354 increase over the prior year's estimate, which is principally due to estimated increases in transfers from the debt service and capital projects funds. This was offset by a decrease in estimated state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$544,000 did not change from the previous year. Additionally, the District has elected to appropriate \$540,000 from the employees' retirement system reserve. An increase in property tax of \$1,106,060 or 1.99%, levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

The 2020-2021 adopted budget did not account for the extraordinary expenses related to re-opening schools under the new New York State Education Department (NYSED) and New York State Department of Health (NYSDOH) guidelines to ensure the health and safety of students and staff. The expenses are made up of additional staff needed, including teachers, aids, security, monitors, and cleaners, to run the educational program while maintaining the proper distancing and sanitization requirements, as well as supplies and personal protective equipment for staff and students. As a result, the District anticipates

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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having to increase the 2020-2021 budget and will use available fund balance to pay for these contingent expenses. Also impacting the 2020-2021 budget is the April 20, 2020, announcement by the Governor that school districts could see up to a 20% state aid cut during the 2020-2021 school year. The 2020-2021 New York State Enacted Budget granted the Division of Budget the authority to reduce aid to localities to ensure a balanced budget. The last measurement period for this reduction ends December 31, 2020 at which time the Division of Budget has 30 days to determine what cuts, if any, will be made to school state aid.

**B. Future Budgets**

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2020-2021 is 4.09%. The District's 2020-2021 property tax increase was less than the tax cap and did not require an override vote.

**8. CONTACTING THE DISTRICT**

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

Ms. Diane Castonguay, CPA  
Assistant Superintendent for Business  
East Williston Union Free School District  
11 Bacon Road  
Old Westbury, New York 11568

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2020

|  |                        |
|--|------------------------|
| <b>ASSETS</b>                                      |                        |
| Cash   |                        |
| Unrestricted                                       | \$ 9,450,577           |
| Restricted   | 7,826,509              |
| Receivables  |                        |
| Accounts receivable                                | 36,927                 |
| Due from fiduciary funds                           | 2,768                  |
| Due from state and federal                         | 520,220                |
| Due from other governments                         | 3,768,383              |
| Inventory  | 3,552                  |
| Capital assets:                                    |                        |
| Not being depreciated                              | 3,422,231              |
| Being depreciated, net of accumulated depreciation | 21,209,031             |
| Net pension asset - proportionate share            | <u>4,282,568</u>       |
| Total Assets                                       | <u>50,522,766</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                        |
| Pensions   | 15,523,767             |
| Other postemployment benefits                      | <u>39,070,905</u>      |
| Total Deferred Outflows of Resources               | <u>54,594,672</u>      |
| <b>LIABILITIES</b>                                 |                        |
| Payables   |                        |
| Accounts payable                                   | 2,281,059              |
| Accrued liabilities                                | 500,385                |
| Due to other governments                           | 370,247                |
| Due to teachers' retirement system                 | 2,632,030              |
| Due to employees' retirement system                | 143,822                |
| Unearned credits                                   |                        |
| Collections in advance                             | 56,267                 |
| Long-term liabilities                              |                        |
| Due and payable within one year                    |                        |
| Bonds payable, net                                 | 305,000                |
| Energy performance contract payable                | 267,010                |
| Compensated absences payable                       | 60,000                 |
| Due and payable after one year                     |                        |
| Bonds payable, net                                 | 2,450,138              |
| Energy performance contract payable                | 1,625,901              |
| Compensated absences payable                       | 394,273                |
| Net pension liability - proportionate share        | 2,660,752              |
| Total other postemployment benefits liability      | <u>123,991,815</u>     |
| Total Liabilities                                  | <u>137,738,699</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                        |
| Pensions   | <u>6,137,107</u>       |
| <b>NET POSITION (DEFICIT)</b>                      |                        |
| Net investment in capital assets                   | <u>19,993,351</u>      |
| Restricted:  |                        |
| Workers' compensation                              | 25,867                 |
| Unemployment insurance                             | 25,867                 |
| Retirement contribution                            |                        |
| Employees' retirement system                       | 1,539,558              |
| Employee benefit accrued liability                 | 284,216                |
| Capital  | 5,764,554              |
| Repairs  | 48,388                 |
| Debt service                                       | 105,886                |
|  | <u>7,794,336</u>       |
| Unrestricted (deficit)                             | <u>(66,546,055)</u>    |
| Total Net Position (Deficit)                       | <u>\$ (38,758,368)</u> |

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

|  | Expenses             | Program Revenues        |                     |                   | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--|----------------------|-------------------------|---------------------|-------------------|--|
|  |                      | Charges for<br>Services | Operating<br>Grants | Capital<br>Grants |  |
| <b>FUNCTIONS/PROGRAMS</b>                        |                      |                         |                     |                   |  |
| General support                                  | \$ 7,628,522         | \$                      | \$                  | \$                | \$ (7,628,522)   |
| Instruction                                      | 59,075,596           | 282,643                 | 769,464             | 44,751            | (57,978,738)   |
| Pupil transportation                             | 2,710,626            |                         |                     |                   | (2,710,626)  |
| Community service                                | 37,270               |                         |                     |                   | (37,270)   |
| Debt service - interest                          | 180,915              |                         |                     |                   | (180,915)  |
| Food service program                             | 507,640              | 331,563                 | 168,438             |                   | (7,639)  |
|  | <u>\$ 70,140,569</u> | <u>\$ 614,206</u>       | <u>\$ 937,902</u>   | <u>\$ 44,751</u>  | <u>(68,543,710)</u>  |
| <b>GENERAL REVENUES</b>                          |                      |                         |                     |                   |  |
| Real property taxes                              |                      |                         |                     |                   | 53,981,464   |
| Other tax items                                  |                      |                         |                     |                   | 2,333,091  |
| Use of money and property                        |                      |                         |                     |                   | 261,206  |
| Sale of property and compensation for loss       |                      |                         |                     |                   | 10,844   |
| Miscellaneous                                    |                      |                         |                     |                   | 191,521  |
| State sources                                    |                      |                         |                     |                   | 4,062,373  |
| Medicaid reimbursement                           |                      |                         |                     |                   | 53,174   |
|  |                      |                         |                     |                   | <u>60,893,673</u>  |
| Total General Revenues                           |                      |                         |                     |                   | <u>60,893,673</u>  |
| Change in Net Position (Deficit)                 |                      |                         |                     |                   | (7,650,037)  |
| Total Net Position (Deficit) - Beginning of Year |                      |                         |                     |                   | <u>(31,108,331)</u>  |
| Total Net Position (Deficit) - End of Year       |                      |                         |                     |                   | <u>\$ (38,758,368)</u>                                     |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2020

|   | General              | Special<br>Aid    | School<br>Food<br>Service | Debt<br>Service   | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------|---------------------------|-------------------|---------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                   |                           |                   |                     |                                |
| Cash  |                      |                   |                           |                   |                     |                                |
| Unrestricted  | \$ 5,659,730         | \$ 180,154        | \$ 456,095                | \$                | \$ 3,154,598        | \$ 9,450,577                   |
| Restricted  | 3,639,477            |                   |                           | 138,059           | 4,048,973           | 7,826,509                      |
| Receivables   |                      |                   |                           |                   |                     |                                |
| Accounts receivable   | 35,095               | 1,832             |                           |                   |                     | 36,927                         |
| Due from other funds  | 487,816              |                   | 7,776                     | 8                 | 16                  | 495,616                        |
| Due from state and federal  | 168,133              | 311,729           | 40,358                    |                   |                     | 520,220                        |
| Due from other governments  | 3,768,383            |                   |                           |                   |                     | 3,768,383                      |
| Inventory   |                      |                   | 3,552                     |                   |                     | 3,552                          |
| Total Assets  | <u>\$ 13,758,634</u> | <u>\$ 493,715</u> | <u>\$ 507,781</u>         | <u>\$ 138,067</u> | <u>\$ 7,203,587</u> | <u>\$ 22,101,784</u>           |
| <b>LIABILITIES</b>  |                      |                   |                           |                   |                     |                                |
| Payables  |                      |                   |                           |                   |                     |                                |
| Accounts payable  | \$ 697,680           | \$ 39,817         | \$ 20,711                 | \$                | \$ 1,522,851        | \$ 2,281,059                   |
| Accrued liabilities   | 426,059              | 1,032             |                           |                   |                     | 427,091                        |
| Due to other funds  | 7,776                | 452,866           |                           | 32,181            | 25                  | 492,848                        |
| Due to other governments  | 370,219              |                   | 28                        |                   |                     | 370,247                        |
| Due to teachers' retirement system                                    | 2,632,030            |                   |                           |                   |                     | 2,632,030                      |
| Due to employees' retirement system                                   | 143,822              |                   |                           |                   |                     | 143,822                        |
| Unearned credits  |                      |                   |                           |                   |                     |                                |
| Collections in advance  |                      |                   | 56,267                    |                   |                     | 56,267                         |
| Total Liabilities   | <u>4,277,586</u>     | <u>493,715</u>    | <u>77,006</u>             | <u>32,181</u>     | <u>1,522,876</u>    | <u>6,403,364</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                   |                           |                   |                     |                                |
| Unavailable revenue   | <u>104,924</u>       |                   |                           |                   | -                   | <u>104,924</u>                 |
| <b>FUND BALANCES</b>  |                      |                   |                           |                   |                     |                                |
| Nonspendable: Inventory   |                      |                   |                           |                   |                     |                                |
|   |                      |                   | 3,552                     |                   |                     | 3,552                          |
| Restricted:   |                      |                   |                           |                   |                     |                                |
| Workers' compensation   | 25,867               |                   |                           |                   |                     | 25,867                         |
| Unemployment insurance  | 25,867               |                   |                           |                   |                     | 25,867                         |
| Retirement contribution   |                      |                   |                           |                   |                     |                                |
| Employees' retirement system  | 1,539,558            |                   |                           |                   |                     | 1,539,558                      |
| Employee benefit accrued liability                                    | 284,216              |                   |                           |                   |                     | 284,216                        |
| Capital   | 1,715,581            |                   |                           |                   | 4,048,973           | 5,764,554                      |
| Repairs   | 48,388               |                   |                           |                   |                     | 48,388                         |
| Debt service  |                      |                   |                           | 105,886           |                     | 105,886                        |
| Assigned:   |                      |                   |                           |                   |                     |                                |
| Appropriated fund balance   | 544,000              |                   |                           |                   |                     | 544,000                        |
| Special designation - COVID-19  | 2,600,000            |                   |                           |                   |                     | 2,600,000                      |
| Unappropriated fund balance   | 69,001               |                   | 427,223                   |                   | 1,631,738           | 2,127,962                      |
| Unassigned: Fund balance  | <u>2,523,646</u>     |                   |                           |                   |                     | <u>2,523,646</u>               |
| Total Fund Balances   | <u>9,376,124</u>     | <u>-</u>          | <u>430,775</u>            | <u>105,886</u>    | <u>5,680,711</u>    | <u>15,593,496</u>              |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 13,758,634</u> | <u>\$ 493,715</u> | <u>\$ 507,781</u>         | <u>\$ 138,067</u> | <u>\$ 7,203,587</u> | <u>\$ 22,101,784</u>           |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**

June 30, 2020

Total Governmental Fund Balances \$ 15,593,496

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

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

|                                 |                     |            |
|---------------------------------|---------------------|------------|
| Original cost of capital assets | \$ 58,800,400       |            |
| Less: Accumulated depreciation  | <u>(34,169,138)</u> |            |
|                                 |                     | 24,631,262 |

Proportionate share of 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.

|  |                    |            |
|--|--------------------|------------|
| Net pension asset - teachers' retirement system      | 4,282,568          |            |
| Deferred outflows of resources                       | 15,523,767         |            |
| Net pension liability - employees' retirement system | (2,660,752)        |            |
| Deferred inflows of resources                        | <u>(6,137,107)</u> |            |
|  |                    | 11,008,476 |

Total other postemployment benefits liability and deferred outflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.

|   |                      |              |
|---|----------------------|--------------|
| Deferred outflows of resources                | 39,070,905           |              |
| Total other postemployment benefits liability | <u>(123,991,815)</u> |              |
|   |                      | (84,920,910) |

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

104,924

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

|                                     |                  |             |
|-------------------------------------|------------------|-------------|
| Accrued interest on bonds payable   | (73,294)         |             |
| Bonds payable, net                  | (2,755,138)      |             |
| Energy performance contract payable | (1,892,911)      |             |
| Compensated absences payable        | <u>(454,273)</u> |             |
|                                     |                  | (5,175,616) |

|                              |  |                               |
|------------------------------|--|-------------------------------|
| Total Net Position (Deficit) |  | <u><u>\$ (38,758,368)</u></u> |
|------------------------------|--|-------------------------------|

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For The Year Ended June 30, 2020

|  | General             | Special<br>Aid | School<br>Food<br>Service | Debt<br>Service   | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|---------------------|----------------|---------------------------|-------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                                      |                     |                |                           |                   |                     |                                |
| Real property taxes                                  | \$ 53,981,464       | \$             | \$                        | \$                | \$                  | \$ 53,981,464                  |
| Other tax items                                      | 2,333,091           |                |                           |                   |                     | 2,333,091                      |
| Charges for services                                 | 282,643             |                |                           |                   |                     | 282,643                        |
| Use of money and property                            | 228,623             |                | 1,266                     | 31,317            |                     | 261,206                        |
| Sale of property and<br>compensation for loss        | 10,844              |                |                           |                   |                     | 10,844                         |
| Miscellaneous  | 191,497             | 21,343         | 24                        |                   |                     | 212,864                        |
| State sources  | 3,957,449           | 325,445        | 6,552                     |                   | 266,987             | 4,556,433                      |
| Medicaid reimbursement                               | 53,174              |                |                           |                   |                     | 53,174                         |
| Federal sources                                      |                     | 422,676        | 161,886                   |                   |                     | 584,562                        |
| Sales  |                     |                | 331,563                   |                   |                     | 331,563                        |
| <b>Total Revenues</b>                                | <b>61,038,785</b>   | <b>769,464</b> | <b>501,291</b>            | <b>31,317</b>     | <b>266,987</b>      | <b>62,607,844</b>              |
| <b>EXPENDITURES</b>                                  |                     |                |                           |                   |                     |                                |
| General support                                      | 5,399,076           |                |                           |                   |                     | 5,399,076                      |
| Instruction  | 33,413,287          | 895,268        |                           |                   |                     | 34,308,555                     |
| Pupil transportation                                 | 2,316,993           | 56,965         |                           |                   |                     | 2,373,958                      |
| Community service                                    | 27,296              |                |                           |                   |                     | 27,296                         |
| Employee benefits                                    | 13,656,058          |                |                           |                   |                     | 13,656,058                     |
| Debt service   |                     |                |                           |                   |                     |                                |
| Principal  |                     |                |                           | 1,578,870         |                     | 1,578,870                      |
| Interest   | 46,861              |                |                           | 211,241           |                     | 258,102                        |
| Food service program                                 |                     |                | 507,640                   |                   |                     | 507,640                        |
| Capital outlay                                       |                     |                |                           |                   | 3,062,240           | 3,062,240                      |
| <b>Total Expenditures</b>                            | <b>54,859,571</b>   | <b>952,233</b> | <b>507,640</b>            | <b>1,790,111</b>  | <b>3,062,240</b>    | <b>61,171,795</b>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 6,179,214           | (182,769)      | (6,349)                   | (1,758,794)       | (2,795,253)         | 1,436,049                      |
| <b>OTHER FINANCING SOURCES AND (USES)</b>            |                     |                |                           |                   |                     |                                |
| Operating transfers in                               | 281,317             | 182,769        | 2,709                     | 1,790,111         | 1,000,000           | 3,256,906                      |
| Operating transfers (out)                            | (2,975,589)         |                |                           | (281,317)         |                     | (3,256,906)                    |
| <b>Total Other Financing<br/>Sources and (Uses)</b>  | <b>(2,694,272)</b>  | <b>182,769</b> | <b>2,709</b>              | <b>1,508,794</b>  | <b>1,000,000</b>    | <b>-</b>                       |
| <b>Net Change in Fund Balances</b>                   | <b>3,484,942</b>    | <b>-</b>       | <b>(3,640)</b>            | <b>(250,000)</b>  | <b>(1,795,253)</b>  | <b>1,436,049</b>               |
| Fund Balances -<br>Beginning of Year                 | 5,891,182           |                | 434,415                   | 355,886           | 7,475,964           | 14,157,447                     |
| <b>End of Year</b>                                   | <b>\$ 9,376,124</b> | <b>\$ -</b>    | <b>\$ 430,775</b>         | <b>\$ 105,886</b> | <b>\$ 5,680,711</b> | <b>\$ 15,593,496</b>           |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For The Year Ended June 30, 2020

Net Change in Fund Balances \$ 1,436,049

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). \$ (117,312)

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

|  |        |          |
|--|--------|----------|
| Decrease in compensated absences payable | 31,134 |          |
|  |        | (86,178) |

Capital Related Differences

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

|                                     |             |           |
|-------------------------------------|-------------|-----------|
| Capital outlays and other additions | 3,379,274   |           |
| Depreciation expense                | (1,497,065) |           |
|                                     |             | 1,882,209 |

Long-Term Debt Transactions Differences

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities. 67,703

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

|  |           |  |
|--|-----------|--|
| Repayment of bond principal              | 1,320,000 |  |
| Repayment of energy performance contract | 258,870   |  |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2019 to June 30, 2020. 9,484

|  |  |           |
|--|--|-----------|
|  |  | 1,656,057 |
|--|--|-----------|

Pension and Other Postemployment Benefits Differences

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

|                               |             |              |
|-------------------------------|-------------|--------------|
| Teachers' retirement system   | (2,782,943) |              |
| Employees' retirement system  | (474,321)   |              |
| Other postemployment benefits | (9,280,910) |              |
|                               |             | (12,538,174) |

|   |  |                |
|---|--|----------------|
| Change in Net Position (Deficit) of Governmental Activities |  | \$ (7,650,037) |
|---|--|----------------|

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

|                                  | Agency     | Private<br>Purpose<br>Trust |
|----------------------------------|------------|-----------------------------|
| <b>ASSETS</b>                    |            |                             |
| Cash                             |            |                             |
| Unrestricted                     | \$ 395,622 | \$                          |
| Restricted                       |            | 77,903                      |
| Total Assets                     | \$ 395,622 | 77,903                      |
| <br><b>LIABILITIES</b>           |            |                             |
| Extraclassroom activity balances | \$ 152,813 |                             |
| Due to governmental funds        | 2,768      |                             |
| Other liabilities                | 240,041    |                             |
| Total Liabilities                | \$ 395,622 | -                           |
| <br><b>NET POSITION</b>          |            |                             |
| Restricted for scholarships      |            | \$ 77,903                   |

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

|                                  | Private<br>Purpose<br>Trust |
|----------------------------------|-----------------------------|
| <b>ADDITIONS</b>                 |                             |
| Gifts and contributions          | \$ 4,117                    |
| Investment earnings - interest   | 67                          |
| Total Additions                  | 4,184                       |
| <b>DEDUCTIONS</b>                |                             |
| Scholarships and awards          | 3,650                       |
| Change in Net Position           | 534                         |
| Net Position - Beginning of Year | 77,369                      |
| Net Position - End of Year       | \$ 77,903                   |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the East Williston Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

**A. Reporting Entity**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

**B. Joint Venture**

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**C. Basis of Presentation**

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

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

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

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

***Agency Funds*** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

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

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

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Calendar and STAR Aid

Real property taxes are levied annually by the Board no later than August 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of North Hempstead and remitted to the District between November and June. New York State implemented the School Tax Relief (STAR) program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as Other Tax Items revenues.

Enforcement

Uncollected real property taxes are the responsibility of Nassau County.

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$683,230 in LIPA PILOT revenue during the 2019-2020 fiscal year.

**G. Restricted Resources**

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

**H. Interfund Transactions**

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, pension costs, other postemployment benefits, potential contingent liabilities and useful lives of capital assets.

**J. Cash and Cash Equivalents**

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

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

**K. Receivables**

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

**L. Inventory**

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**M. Capital Assets**

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

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

|                                   | <u>Capitalization<br/>Threshold</u> | <u>Estimated<br/>Useful Life</u> |
|-----------------------------------|-------------------------------------|----------------------------------|
| Buildings and improvements        | \$ 1,000                            | 20-50 years                      |
| Improvements other than buildings | 1,000                               | 20 years                         |
| Machinery and equipment           | 1,000                               | 5-20 years                       |

**N. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. The first is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to other postemployment benefits liability changes in assumptions.

**O. Short-Term Debt**

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

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

**P. Collections in Advance**

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**Q. Employee Benefits – Compensated Absences**

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

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

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

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

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30<sup>th</sup>.

**R. Other Benefits**

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

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

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**S. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has two items that qualify for reporting in this category. First is unavailable revenues reported in governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense.

**T. Equity Classifications**

District-Wide Statements

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

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

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

*Unrestricted* – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

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

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

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

*Workers' Compensation Reserve*

Workers' Compensation Reserve (GML §6-j) is 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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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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. The reserve is accounted for in the general fund.

*Unemployment Insurance Reserve*

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

*Retirement Contribution Reserve*

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

*Employee Benefit Accrued Liability Reserve*

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

*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. The reserve is accounted for in the general fund and capital projects fund.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Repair Reserve*

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

*Restricted for Debt Service*

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

*Restricted for Scholarships*

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

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, encumbrances not classified as restricted at the end of the fiscal year, and amounts designated by the Board for specific purposes.

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

Fund Balance Classification

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

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**2. FUTURE ACCOUNTING STANDARDS**

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

| <b>Effective for the Year Ending</b> | <b>Statement</b>                          |
|--------------------------------------|---|
| June 30, 2021                        | GASB No. 84 - <i>Fiduciary Activities</i> |
| June 30, 2022                        | GASB No. 87 - <i>Leases</i>               |

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

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund required to have a legally adopted budget.

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

|  |                  |
|--|------------------|
| Donations-sponsored programs/purchases | \$ <u>10,967</u> |
|--|------------------|

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**B. Encumbrances**

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

**C. Unassigned Fund Balance**

The District's general fund unassigned fund balance plus assigned special designated amounts were in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District will be utilizing the excess fund balance for costs associated with maintaining the health and safety of the students and staff in response to the COVID-19 pandemic health crisis.

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

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2020, the District was billed \$1,719,683 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$622,026. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

**7. DUE FROM STATE AND FEDERAL**

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

|  |                   |
|--|-------------------|
| General Fund   |                   |
| New York State - Excess cost aid                         | \$ 168,133        |
| Special Aid Fund   |                   |
| Federal and state grants                                 | 311,729           |
| School Food Service Fund                                 |                   |
| Federal and state food service<br>program reimbursements | <u>40,358</u>     |
|  | <u>\$ 520,220</u> |

District management expects these amounts to be fully collectible.

**8. DUE FROM OTHER GOVERNMENTS**

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

|   |                     |
|---|---------------------|
| General Fund                                  |                     |
| Property taxes and interest - Nassau County   | \$ 2,493,836        |
| PILOT receivable                              | 432,743             |
| BOCES aid                                     | 634,746             |
| Other districts - tuition and health services | 77,171              |
| Other districts- split property line          | <u>129,887</u>      |
|   | <u>\$ 3,768,383</u> |

District management expects these amounts to be fully collectible.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**9. CAPITAL ASSETS**

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

|   | <u>June 30, 2019</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Balance<br/>June 30, 2020</u> |
|---|----------------------|---------------------|-----------------------|----------------------------------|
| Governmental activities                         |                      |                     |                       |                                  |
| Capital assets not being depreciated:           |                      |                     |                       |                                  |
| Land  | \$ 316,600           | \$                  | \$                    | \$ 316,600                       |
| Construction in progress                        | 3,199,080            | 3,062,240           | (3,155,689)           | 3,105,631                        |
| Total capital assets<br>not being depreciated   | <u>3,515,680</u>     | <u>3,062,240</u>    | <u>(3,155,689)</u>    | <u>3,422,231</u>                 |
| Capital assets being depreciated:               |                      |                     |                       |                                  |
| Buildings                                       | 48,261,479           | 3,155,689           |                       | 51,417,168                       |
| Improvements Other Than Buildings               | 1,075,523            |                     |                       | 1,075,523                        |
| Equipment                                       | 2,711,666            | 317,034             | (143,222)             | 2,885,478                        |
| Total capital assets<br>being depreciated       | <u>52,048,668</u>    | <u>3,472,723</u>    | <u>(143,222)</u>      | <u>55,378,169</u>                |
| Less accumulated depreciation for:              |                      |                     |                       |                                  |
| Buildings                                       | 30,373,141           | 1,259,164           |                       | 31,632,305                       |
| Improvements Other Than Buildings               | 698,678              | 50,271              |                       | 748,949                          |
| Equipment                                       | 1,743,476            | 187,630             | (143,222)             | 1,787,884                        |
| Total accumulated depreciation                  | <u>32,815,295</u>    | <u>1,497,065</u>    | <u>(143,222)</u>      | <u>34,169,138</u>                |
| Total capital assets,<br>being depreciated, net | <u>19,233,373</u>    | <u>1,975,658</u>    | <u>-</u>              | <u>21,209,031</u>                |
| Capital assets, net                             | <u>\$ 22,749,053</u> | <u>\$ 5,037,898</u> | <u>\$ (3,155,689)</u> | <u>\$ 24,631,262</u>             |

Depreciation expense was charged to governmental functions as follows:

|                            |                     |
|----------------------------|---------------------|
| General support            | \$ 123,731          |
| Instruction                | 1,355,113           |
| Pupil transportation       | <u>18,221</u>       |
| Total depreciation expense | <u>\$ 1,497,065</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. INTERFUND TRANSACTIONS**

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

|                          | Interfund         |                   |                     |                     |
|--------------------------|-------------------|-------------------|---------------------|---------------------|
|                          | Receivable        | Payable           | Transfers In        | Transfers Out       |
| General Fund             | \$ 487,816        | \$ 7,776          | \$ 281,317          | \$ 2,975,589        |
| Special Aid Fund         |                   | 452,866           | 182,769             |                     |
| School Food Service Fund | 7,776             |                   | 2,709               |                     |
| Debt Service Fund        | 8                 | 32,181            | 1,790,111           | 281,317             |
| Capital Projects Fund    | 16                | 25                | 1,000,000           |                     |
| Total Governmental Funds | <u>495,616</u>    | <u>492,848</u>    | <u>\$ 3,256,906</u> | <u>\$ 3,256,906</u> |
| Fiduciary Funds          |                   | 2,768             |                     |                     |
| Total                    | <u>\$ 495,616</u> | <u>\$ 495,616</u> |                     |                     |

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools, and to the debt service fund and the capital projects fund in accordance with the general fund budget. The debt service fund transfers its interest earnings plus a budgeted amount to the general fund to provide funding towards annual bonded debt service expenditures. Interfund balances are expected to be repaid within one year.

**11. SHORT-TERM DEBT**

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

|     | Maturity  | Stated<br>Interest<br>Rate | Balance<br>June 30, 2019 | Issued              | Redeemed              | Balance<br>June 30, 2020 |
|-----|-----------|----------------------------|--------------------------|---------------------|-----------------------|--------------------------|
| TAN | 6/25/2020 | 2.00%                      | <u>\$</u>                | <u>\$ 3,500,000</u> | <u>\$ (3,500,000)</u> | <u>\$</u>                |

Interest on short-term debt for the year was \$46,861, net of a premium of \$14,492, to yield an effective interest rate of 1.38%.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**12. LONG-TERM LIABILITIES**

**A. Changes**

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

|                                      | Balance<br>June 30, 2019 | Additions   | Reductions            | Balance<br>June 30, 2020 | Amounts<br>Due Within<br>One Year |
|--------------------------------------|--------------------------|-------------|-----------------------|--------------------------|-----------------------------------|
| <u>Long-term debt:</u>               |                          |             |                       |                          |                                   |
| Bonds payable                        | \$ 4,065,000             | \$          | \$ (1,320,000)        | \$ 2,745,000             | \$ 305,000                        |
| Add: Premium on<br>advance refunding | 79,396                   |             | (69,258)              | 10,138                   | -                                 |
|                                      | 4,144,396                | -           | (1,389,258)           | 2,755,138                | 305,000                           |
| Energy performance<br>contract       | 2,151,781                |             | (258,870)             | 1,892,911                | 267,010                           |
|                                      | 6,296,177                | -           | (1,648,128)           | 4,648,049                | 572,010                           |
| <u>Other long-term liabilities</u>   |                          |             |                       |                          |                                   |
| Compensated absences                 | 485,407                  |             | (31,134)              | 454,273                  | 60,000                            |
|                                      | <u>\$ 6,781,584</u>      | <u>\$ -</u> | <u>\$ (1,679,262)</u> | <u>\$ 5,102,322</u>      | <u>\$ 632,010</u>                 |

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

| Description                | Issue<br>Date | Final<br>Maturity | Interest<br>Rate | Outstanding at<br>June 30, 2020 |
|----------------------------|---------------|-------------------|------------------|---------------------------------|
| District-wide improvements | 2009          | July 2029         | 3.0-4.25%        | \$ 1,665,000                    |
| District-wide improvements | 2010          | July 2025         | 2.0-3.0%         | 1,080,000                       |
|                            |               |                   |                  | <u>\$ 2,745,000</u>             |

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

| Year Ending June 30, | Principal           | Interest          | Total               |
|----------------------|---------------------|-------------------|---------------------|
| 2021                 | \$ 305,000          | \$ 95,581         | \$ 400,581          |
| 2022                 | 315,000             | 84,856            | 399,856             |
| 2023                 | 325,000             | 73,781            | 398,781             |
| 2024                 | 340,000             | 62,281            | 402,281             |
| 2025                 | 350,000             | 50,356            | 400,356             |
| 2026 - 2030          | 1,110,000           | 102,897           | 1,212,897           |
| Total                | <u>\$ 2,745,000</u> | <u>\$ 469,752</u> | <u>\$ 3,214,752</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Bond Premium**

In the district-wide financial statements, the District is amortizing bond premiums as a component of interest expense on a straight-line basis as follows:

| <u>Year Ending June 30,</u> | <u>Amortization<br/>of Premium</u> |
|-----------------------------|------------------------------------|
| 2021                        | \$ (2,029)                         |
| 2022                        | (2,029)                            |
| 2023                        | (2,029)                            |
| 2024                        | (2,029)                            |
| 2025                        | <u>(2,022)</u>                     |
| Total                       | <u>\$ (10,138)</u>                 |

**D. Energy Performance Contract**

Energy performance contract is comprised of the following:

| <u>Description</u>          | <u>Issue<br/>Date</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Outstanding at<br/>June 30, 2020</u> |
|-----------------------------|-----------------------|---------------------------|--------------------------|---|
| Energy performance contract | 2011                  | July 2026                 | 3.12%                    | <u>\$ 1,892,911</u>                     |

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

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|------------------------------------|---------------------|-------------------|---------------------|
| 2021                               | \$ 267,010          | \$ 56,992         | \$ 324,002          |
| 2022                               | 275,405             | 48,597            | 324,002             |
| 2023                               | 284,065             | 39,937            | 324,002             |
| 2024                               | 292,997             | 31,005            | 324,002             |
| 2025                               | 302,210             | 21,792            | 324,002             |
| 2026 - 2027                        | <u>471,224</u>      | <u>14,778</u>     | <u>486,002</u>      |
| Total                              | <u>\$ 1,892,911</u> | <u>\$ 213,101</u> | <u>\$ 2,106,012</u> |

**E. Interest Expense**

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

|  |                   |
|--|-------------------|
| Interest paid                                      | \$ 211,241        |
| Less interest accrued in the prior year            | (82,778)          |
| Plus interest accrued in the current year          | 73,294            |
| Less amortization of deferred amounts on refunding | <u>(67,703)</u>   |
| Total interest expense on long-term debt           | <u>\$ 134,054</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

**A. General Information**

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

**B. Provisions and Administration**

Teachers' Retirement System

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

Employees' Retirement System

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

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

June 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.86% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020 was \$2,448,952 for TRS at the contribution rate of 8.86% and \$572,889 for ERS at an average contribution rate of 15.00%.

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

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

|  | TRS           | ERS            |
|--|---------------|----------------|
| Measurement date   | June 30, 2019 | March 31, 2020 |
| District's proportionate share of the net pension asset/(liability)  | \$ 4,282,568  | \$ (2,660,752) |
| District's portion of the Plan's total net pension asset/(liability) | 0.164841%     | 0.0100479%     |
| Change in proportion since the prior measurement date                | 0.0011610     | (0.0010984)    |

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$5,235,185 for TRS and \$1,046,333 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|   | Deferred Outflows of Resources |                     | Deferred Inflows of Resources |                   |
|---|--------------------------------|---------------------|-------------------------------|-------------------|
|   | TRS                            | ERS                 | TRS                           | ERS               |
| Differences between expected and actual experience  | \$ 2,902,187                   | \$ 156,596          | \$ 318,460                    | \$                |
| Changes of assumptions  | 8,090,343                      | 53,575              | 1,972,655                     | 46,261            |
| Net difference between projected and actual earnings on pension plan investments                                    |                                | 1,364,031           | 3,434,398                     |                   |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 27,443                         | 336,818             | 298,701                       | 66,632            |
| District contributions subsequent to the measurement date   | 2,448,952                      | 143,822             |                               |                   |
| <b>Total</b>  | <b>\$ 13,468,925</b>           | <b>\$ 2,054,842</b> | <b>\$ 6,024,214</b>           | <b>\$ 112,893</b> |

District contributions subsequent to the measurement date will be recognized as a reduction of the pension liabilities in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | TRS                 | ERS                 |
|----------------------|---------------------|---------------------|
| 2021                 | \$ 1,876,548        | \$ 367,411          |
| 2022                 | 61,992              | 466,271             |
| 2023                 | 1,869,525           | 542,982             |
| 2024                 | 1,230,175           | 421,463             |
| 2025                 | 113,763             |                     |
| Thereafter           | (156,244)           |                     |
|                      | <b>\$ 4,995,759</b> | <b>\$ 1,798,127</b> |

**Actuarial Assumptions**

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

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

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

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

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

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

|   | 1% Decrease<br>6.10 % | Current<br>Assumption<br>7.10 % | 1% Increase<br>8.10 % |
|---|-----------------------|---------------------------------|-----------------------|
| TRS   |                       |                                 |                       |
| District's proportionate share of the net pension asset (liability) | \$ (19,331,063)       | \$ 4,282,568                    | \$ 24,091,739         |
| ERS   |                       |                                 |                       |
| District's proportionate share of the net pension asset (liability) | \$ (4,883,231)        | \$ (2,660,752)                  | \$ (613,839)          |

Pension Plan Fiduciary Net Position

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

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$2,448,952 of employer contributions and \$183,078 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020, amounted to \$143,822 of employer contributions. Employee contributions are remitted monthly.

**14. PENSION PLANS - OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$16,420 and \$1,849,024, respectively.

**B. 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, 2020 totaled \$276,969.

**15. POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

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

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

*Employees Covered by Benefit Terms* – The following employees were covered by the benefit terms based on census information used in the prior year's actuarial valuation:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 214 |
| Inactive employees entitled to but not yet receiving benefit payments    | -   |
| Active employees   | 296 |
|  | 510 |
|  | 510 |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**B. Total OPEB Liability**

The District's total OPEB liability of \$123,991,815 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2020 actuarial valuation update was determined using the following actuarial assumptions and other inputs including expected participation rate and aging factor, applied to all periods included in the measurement, unless otherwise specified:

|  |           |  |
|--|-----------|--|
| Salary increases                         | 3.00%     | average, including inflation                             |
| Discount rate                            | 2.44%     |  |
| Healthcare cost trend rates              | 7.00%     | for 2020, decreasing to an ultimate rate of 4.5% by 2031 |
| Retirees' share of benefit-related costs | 18-30.00% | of projected health insurance premiums for retirees      |

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

Mortality rates were based on the NYSLRS actuarial experience study, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' mortality table Pub-2010 and mortality improvement scale MP-2019.

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

|  |                              |
|--|------------------------------|
| Balance at June 30, 2019                           | <u>\$ 78,454,622</u>         |
| Changes for the year                               |                              |
| Service cost                                       | 2,949,562                    |
| Interest   | 1,880,396                    |
| Changes in benefit terms                           | -                            |
| Differences between expected and actual experience | -                            |
| Changes of assumptions or other inputs             | 43,485,684                   |
| Benefit payments                                   | <u>(2,778,449)</u>           |
| Balance at June 30, 2020                           | <u><u>\$ 123,991,815</u></u> |

Changes of assumptions and other inputs reflects changes in the discount rate from 3.50% in 2019 to 2.44%, changes in mortality table and mortality improvement scale assumptions to more current tables/scales, and reflecting reimbursements for Medicare Part B IRMAA premium rate in 2020.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.44%) or 1 percentage point higher (3.44%) than the current discount rate:

| OPEB                 | 1% Decrease<br>1.44 %   | Discount<br>Rate<br>2.44 % | 1% Increase<br>3.44 %   |
|----------------------|-------------------------|----------------------------|-------------------------|
| Total OPEB liability | <u>\$ (155,052,043)</u> | <u>\$ (123,991,815)</u>    | <u>\$ (101,271,181)</u> |



**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**16. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State in response to its revenue receipts shortfall caused by the pandemic. Unavailable revenues in the general fund at June 30, 2020, total \$104,924.

**17. RISK MANAGEMENT**

**A. General Information**

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

**B. Public Entity Risk Pool**

The District participates in the New York State Public Schools Statewide Workers' Compensation Trust (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Workers' Compensation Plan, through its plan administrator, provides participating members with risk management services, as well as workers' compensation and employers' liability coverage. Participating members agree to make contributions as determined by the Plan. The Plan is allowed to make additional pro-rated assessments to its members if the assets of the Plan are insufficient to enable the Plan to discharge its legal liabilities and other obligations or to maintain required reserves.

During the year ended June 30, 2020, the District's contribution to the Workers' Compensation Plan was \$346,408. According to the Plan's actuary, the Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2020, discounted at 2.0%, was \$25,371,907, with \$26,306,917 in Plan assets. The Workers' Compensation Plan did not levy additional assessments during the 2019-2020 plan year. If the District leaves the Workers' Compensation Plan or if the Plan is terminated, the District will be liable for its open claims at that time. At June 30, 2020, the District's allocated share of unbilled and open claims, discounted at 2%, were \$1,075,515.

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

The District expects to appropriate \$540,000 from the retirement contribution reserve, which is reported in the June 30, 2020 restricted fund balances, to fund the budget and help reduce property taxes for the year ending June 30, 2021.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**19. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$544,000 has been appropriated to help reduce property taxes for the year ending June 30, 2021.

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

The following is a summary of the District's restricted capital reserves activities since inception:

|                                   | Capital Reserve     |                     |                     |                     |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                   | 2013                | 2015                | 2016                | 2019                |
| Date Created                      | May 2013            | May 2015            | May 2016            | May 2019            |
| Number of Years to Fund           | 5                   | 5                   | 5                   | 7                   |
| Maximum Funding                   | <u>\$ 3,000,000</u> | <u>\$ 3,500,000</u> | <u>\$ 4,900,000</u> | <u>\$ 6,500,000</u> |
| <b>General Fund:</b>              |                     |                     |                     |                     |
| Funding Provided Since Inception  | \$ 3,000,000        | \$ 3,500,000        | \$ 4,873,265        | \$ 1,706,748        |
| Interest Earnings Since Inception | 5,619               | 19,558              | 47,149              | 8,833               |
| Use of Reserve Since Inception    | <u>(3,005,619)</u>  | <u>(3,519,558)</u>  | <u>(4,920,414)</u>  | -                   |
| Balance as of June 30, 2020       | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 1,715,581</u> |
| <b>Capital Projects Fund:</b>     |                     |                     |                     |                     |
| Funding Provided Since Inception  | \$ 3,005,619        | \$ 3,519,558        | \$ 4,920,414        | \$ -                |
| Use of Reserve Since Inception    | <u>(2,977,435)</u>  | <u>(2,132,442)</u>  | <u>(2,286,741)</u>  | -                   |
| Balance as of June 30, 2020       | <u>\$ 28,184</u>    | <u>\$ 1,387,116</u> | <u>\$ 2,633,673</u> | <u>\$ -</u>         |

**21. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

|  |                     |
|--|---------------------|
| Restricted Fund Balance                |                     |
| Capital Projects Fund                  |                     |
| Capital projects                       | <u>\$ 3,977,715</u> |
| Assigned: Unappropriated Fund Balance: |                     |
| General Fund                           |                     |
| General support                        | 38,585              |
| Instruction                            | 25,563              |
| Pupil transportation                   | 4,853               |
|  | <u>69,001</u>       |
| Capital Projects Fund                  |                     |
| Capital projects                       | <u>9,270</u>        |
|  | <u>\$ 4,055,986</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**B. Grants**

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

**C. Litigation**

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

**D. Operating Leases**

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$4,974. The minimum remaining operating lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>   |
|-----------------------------|-----------------|
| 2021                        | \$ 2,782        |
| 2022                        | <u>513</u>      |
|                             | <u>\$ 3,295</u> |

**E. BOCES Agreements**

The District has various multi-year agreements with BOCES to provide technology services and related equipment. The expenditure for these agreements was \$243,723 for the year ended June 30, 2020. The following is a summary of future obligations under these agreements:

| <u>Year Ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2021                        | \$ 392,014          |
| 2022                        | 387,607             |
| 2023                        | 156,169             |
| 2024                        | <u>151,899</u>      |
|                             | <u>\$ 1,087,689</u> |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**22. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 14, 2020, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

**A. Issuance of TANs**

On October 1, 2020, the District issued tax anticipation notes (TANs) in the amount of \$4,000,000. The TANs, which will mature on June 25, 2021, have a stated interest rate of 1.25% with an issuance premium of \$23,311, for a net effective interest rate of 0.4553%.

**B. Impact of COVID-19**

On March 11, 2020, the novel coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization. COVID-19 is an international, national and New York State public health emergency, as such, the COVID-19 outbreak is disrupting business activities across a range of industries. The District's 2020-2021 adopted budget, which was approved by the voters on June 9, 2020, did not account for the extraordinary expenses related to re-opening schools under new New York State Education Department (NYSED) and New York State Department of Health (NYSDOH) guidelines. These expenses consist of additional staff, including teachers, aides, security, monitors, and cleaners, that is needed to run the educational program while maintaining the proper distancing and sanitization requirements, as well as supplies and personal protective equipment for staff and students. They are the direct results of implementing and complying with new NYSED and NYSDOH school-specific guidelines directly related to the COVID-19 pandemic national health crisis and the re-opening of schools to ensure the health and safety of students and staff. As a result, the District anticipates having to increase the 2020-21 budget for the additional contingent expenses.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For The Year Ended June 30, 2020

|  | Original<br>Budget | Final<br>Budget | Actual        | Final Budget<br>Variance with<br>Actual |
|--|--------------------|-----------------|---------------|---|
| <b>REVENUES</b>  |                    |                 |               |   |
| Local Sources  |                    |                 |               |   |
| Real property taxes  | \$ 53,417,137      | \$ 53,974,119   | \$ 53,981,464 | \$ 7,345                                |
| Other tax items  | 2,925,942          | 2,368,960       | 2,333,091     | (35,869)                                |
| Charges for services   | 354,000            | 354,000         | 282,643       | (71,357)                                |
| Use of money and property  | 121,500            | 121,500         | 228,623       | 107,123                                 |
| Sale of property and<br>compensation for loss                          |                    |                 | 10,844        | 10,844                                  |
| Miscellaneous  | 55,000             | 65,967          | 191,497       | 125,530                                 |
| <b>Total Local Sources</b>   | 56,873,579         | 56,884,546      | 57,028,162    | 143,616                                 |
| State Sources  | 3,997,135          | 3,997,135       | 3,957,449     | (39,686)                                |
| Medicaid Reimbursement   | 25,000             | 25,000          | 53,174        | 28,174                                  |
| <b>Total Revenues</b>  | 60,895,714         | 60,906,681      | 61,038,785    | 132,104                                 |
| <b>OTHER FINANCING SOURCES</b>   |                    |                 |               |   |
| Operating Transfers In   | 250,000            | 250,000         | 281,317       | 31,317                                  |
| <b>Total Revenues and Other Sources</b>                                | 61,145,714         | 61,156,681      | 61,320,102    | \$ 163,421                              |
| <b>APPROPRIATED FUND BALANCE</b>                                       |                    |                 |               |   |
| Prior Years' Surplus   | 544,000            | 544,000         |               |   |
| Prior Year's Encumbrances  | 43,202             | 43,202          |               |   |
| <b>Total Appropriated Fund Balance</b>                                 | 587,202            | 587,202         |               |   |
| <b>Total Revenues, Other Sources<br/>and Appropriated Fund Balance</b> | \$ 61,732,916      | \$ 61,743,883   |               |   |

**Note to Required Supplementary Information**

Budget Basis of Accounting

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For The Year Ended June 30, 2020

|  | Original<br>Budget   | Final<br>Budget      | Actual              | Year End<br>Encumbrances | Final Budget<br>Variance with<br>Actual<br>& Encumbrances |
|--|----------------------|----------------------|---------------------|--------------------------|---|
| <b>EXPENDITURES</b>                        |                      |                      |                     |                          |   |
| General Support                            |                      |                      |                     |                          |   |
| Board of education                         | \$ 71,315            | \$ 103,955           | \$ 87,303           |                          | \$ 16,652   |
| Central administration                     | 351,999              | 372,006              | 368,168             |                          | 3,838   |
| Finance                                    | 807,402              | 786,968              | 754,405             | 332                      | 32,231  |
| Staff                                      | 304,296              | 467,047              | 453,819             |                          | 13,228  |
| Central services                           | 3,607,167            | 3,471,959            | 3,041,455           | 38,253                   | 392,251   |
| Special items                              | 818,486              | 731,107              | 693,926             |                          | 37,181  |
| Total General Support                      | <u>5,960,665</u>     | <u>5,933,042</u>     | <u>5,399,076</u>    | <u>38,585</u>            | <u>495,381</u>  |
| Instruction                                |                      |                      |                     |                          |   |
| Administration & improvement               | 3,082,245            | 3,309,244            | 3,246,294           | 70                       | 62,880  |
| Teaching - regular school                  | 19,422,773           | 19,404,777           | 19,027,429          | 4,578                    | 372,770   |
| Programs for students<br>with disabilities | 6,980,221            | 6,818,172            | 6,445,159           |                          | 373,013   |
| Instructional media                        | 1,782,519            | 1,750,288            | 1,709,910           | 12,407                   | 27,971  |
| Pupil services                             | 3,257,076            | 3,348,854            | 2,984,495           | 8,508                    | 355,851   |
| Total Instruction                          | <u>34,524,834</u>    | <u>34,631,335</u>    | <u>33,413,287</u>   | <u>25,563</u>            | <u>1,192,485</u>  |
| Pupil Transportation                       | <u>2,871,942</u>     | <u>2,864,449</u>     | <u>2,316,993</u>    | <u>4,853</u>             | <u>542,603</u>  |
| Community Services                         | <u>32,550</u>        | <u>32,150</u>        | <u>27,296</u>       |                          | <u>4,854</u>  |
| Employee Benefits                          | <u>15,279,314</u>    | <u>15,216,587</u>    | <u>13,656,058</u>   |                          | <u>1,560,529</u>  |
| Debt Service - Interest                    | <u>90,000</u>        | <u>90,000</u>        | <u>46,861</u>       |                          | <u>43,139</u>   |
| Total Expenditures                         | <u>58,759,305</u>    | <u>58,767,563</u>    | <u>54,859,571</u>   | <u>69,001</u>            | <u>3,838,991</u>  |
| <b>OTHER USES</b>                          |                      |                      |                     |                          |   |
| Operating Transfers Out                    | <u>2,973,611</u>     | <u>2,976,320</u>     | <u>2,975,589</u>    |                          | <u>731</u>  |
| Total Expenditures and Other Uses          | <u>\$ 61,732,916</u> | <u>\$ 61,743,883</u> | <u>57,835,160</u>   | <u>\$ 69,001</u>         | <u>\$ 3,839,722</u>                                       |
| Net Change in Fund Balance                 |                      |                      | 3,484,942           |                          |   |
| Fund Balance - Beginning of Year           |                      |                      | <u>5,891,182</u>    |                          |   |
| Fund Balance - End of Year                 |                      |                      | <u>\$ 9,376,124</u> |                          |   |

**Note to Required Supplementary Information**

Budget Basis of Accounting

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
 Last Six Fiscal Years

***Teachers' Retirement System***

|   | 2020          | 2019          | 2018          | 2017           | 2016          | 2015          |
|---|---------------|---------------|---------------|----------------|---------------|---------------|
| District's proportion of the net pension asset/(liability)  | 0.164841%     | 0.163680%     | 0.161232%     | 0.159841%      | 0.158541%     | 0.158136%     |
| District's proportionate share of the net pension asset/(liability)   | \$ 4,282,568  | \$ 2,959,774  | \$ 1,225,526  | \$ (1,711,966) | \$ 16,467,330 | \$ 17,615,341 |
| District's covered payroll  | \$ 28,031,884 | \$ 27,207,385 | \$ 25,981,630 | \$ 25,171,526  | \$ 24,277,304 | \$ 23,893,857 |
| District's proportionate share of the net pension asset/(liability)<br>as a percentage of its covered payroll | 15.28 %       | 10.88 %       | 4.72 %        | (6.80)%        | 67.83 %       | 73.72 %       |
| Plan fiduciary net position as a percentage of the<br>total pension liability                                 | 102.17%       | 101.53%       | 100.66%       | 99.01%         | 110.46%       | 111.48%       |
| Discount rate   | 7.10%         | 7.25%         | 7.25%         | 7.50%          | 8.00%         | 8.00%         |

***Employees' Retirement System***

|   | 2020           | 2019         | 2018         | 2017           | 2016           | 2015         |
|---|----------------|--------------|--------------|----------------|----------------|--------------|
| District's proportion of the net pension liability  | 0.0100479%     | 0.0111463%   | 0.0113659%   | 0.0115905%     | 0.0113347%     | 0.0114235%   |
| District's proportionate share of the net pension liability   | \$ (2,660,752) | \$ (789,746) | \$ (366,829) | \$ (1,089,065) | \$ (1,819,257) | \$ (385,914) |
| District's covered payroll  | \$ 3,947,834   | \$ 3,959,730 | \$ 3,904,077 | \$ 3,910,677   | \$ 3,841,523   | \$ 3,666,284 |
| District's proportionate share of the net pension liability<br>as a percentage of its covered payroll | (67.40)%       | (19.94)%     | (9.40)%      | (27.85)%       | (47.36)%       | (10.53)%     |
| Plan fiduciary net position as a percentage of the<br>total pension liability                         | 86.39%         | 96.27%       | 98.24%       | 94.70%         | 90.68%         | 97.95%       |
| Discount rate   | 6.80%          | 7.00%        | 7.00%        | 7.00%          | 7.00%          | 7.50%        |

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
 Last Ten Fiscal Years

***Teachers' Retirement System***

|  | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          | 2011          | 2010          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$ 2,448,952  | \$ 2,922,046  | \$ 2,612,847  | \$ 2,990,188  | \$ 3,265,484  | \$ 4,159,136  | \$ 3,801,932  | \$ 2,914,943  | \$ 2,694,880  | \$ 2,104,933  |
| Contributions in relation to the contractually required contribution | 2,448,952     | 2,922,046     | 2,612,847     | 2,990,188     | 3,265,484     | 4,159,136     | 3,801,932     | 2,914,943     | 2,694,880     | 2,104,933     |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| District's covered payroll   | \$ 28,045,894 | \$ 28,031,884 | \$ 27,207,385 | \$ 25,981,630 | \$ 25,171,526 | \$ 24,277,304 | \$ 23,893,857 | \$ 25,205,086 | \$ 24,429,966 | \$ 24,529,859 |
| Contributions as a percentage of covered payroll                     | 9%            | 10%           | 10%           | 12%           | 13%           | 17%           | 16%           | 12%           | 11%           | 9%            |

***Employees' Retirement System***

|  | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2011         | 2010         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ 572,889   | \$ 575,734   | \$ 625,184   | \$ 576,882   | \$ 616,968   | \$ 618,139   | \$ 834,263   | \$ 711,575   | \$ 614,174   | \$ 464,906   |
| Contributions in relation to the contractually required contribution | 572,889      | 575,734      | 625,184      | 576,882      | 616,968      | 618,139      | 834,263      | 711,575      | 614,174      | 464,906      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 3,856,025 | \$ 3,966,428 | \$ 3,935,901 | \$ 3,898,148 | \$ 3,771,549 | \$ 3,768,776 | \$ 3,809,103 | \$ 3,993,406 | \$ 3,898,275 | \$ 3,916,943 |
| Contributions as a percentage of covered payroll                     | 15%          | 15%          | 16%          | 15%          | 16%          | 16%          | 22%          | 18%          | 16%          | 12%          |

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

|  | <u>2020</u>             | <u>2019</u>             | <u>2018</u>             |
|--|-------------------------|-------------------------|-------------------------|
| Total OPEB liability   |                         |                         |                         |
| Service cost   | \$ 2,949,562            | \$ 1,075,434            | \$ 1,003,658            |
| Interest   | 1,880,396               | 2,648,503               | 2,621,656               |
| Changes in benefit terms   | -                       | -                       | -                       |
| Differences between expected and actual experience               | -                       | -                       | -                       |
| Changes of assumptions or other inputs                           | 43,485,684              | 3,127,358               | -                       |
| Benefit payments   | <u>(2,778,449)</u>      | <u>(1,881,648)</u>      | <u>(1,991,787)</u>      |
| Net change in total OPEB liability                               | 45,537,193              | 4,969,647               | 1,633,527               |
| Total OPEB liability, beginning                                  | <u>78,454,622</u>       | <u>73,484,975</u>       | <u>71,851,448</u>       |
| Total OPEB liability, ending                                     | <u>\$ 123,991,815</u>   | <u>\$ 78,454,622</u>    | <u>\$ 73,484,975</u>    |
| Covered employee payroll   | \$ 31,769,585           | \$ 31,852,013           | \$ 30,880,713           |
| Total OPEB liability as a percentage of covered employee payroll | 390.28%                 | 246.31%                 | 237.96%                 |
| Discount rates   | 2.44%                   | 3.50%                   | 3.70%                   |
| Healthcare trend rates   | 7.0% to 4.5%<br>by 2031 | 8.0% to 5.0%<br>by 2025 | 8.0% to 5.0%<br>by 2025 |

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

**Note to Required Supplementary Information**

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

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For The Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

|                           |  |               |
|---------------------------|--|---------------|
| Adopted Budget            |  | \$ 61,689,714 |
| Additions:                |  |               |
| Prior year's encumbrances |  | 43,202        |
| Original Budget           |  | 61,732,916    |
| Budget revisions          |  | 10,967        |
| Final Budget              |  | \$ 61,743,883 |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

|   |              |               |
|---|--------------|---------------|
| 2020-2021 voter-approved expenditure budget                           |              | \$ 63,091,128 |
| Maximum allowed (4% of 2020-2021 budget)                              |              | \$ 2,523,645  |
| General Fund Fund Balance Subject to § 1318 of Real Property Tax Law: |              |               |
| Unrestricted fund balance:  |              |               |
| Assigned fund balance   | \$ 3,213,001 |               |
| Unassigned fund balance   | 2,523,646    |               |
|   |              | \$ 5,736,647  |
| Less:   |              |               |
| Appropriated fund balance   | 544,000      |               |
| Encumbrances  | 69,001       |               |
| Total adjustments   |              | 613,001       |
| General Fund Fund Balance Subject to § 1318 of Real Property Tax Law: |              | \$ 5,123,646  |
| Actual Percentage   |              | 8.1%          |

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

| PROJECT TITLE                           | Budget               |                      | Expenditures        |                     |                      | Unexpended Balance  | Methods of Financing    |                   |                      |                      | Fund Balance June 30, 2020 |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|-------------------------|-------------------|----------------------|----------------------|----------------------------|
|   | June 30, 2019        | June 30, 2020        | Prior Years         | Current Year        | Total                |                     | Proceeds of Obligations | State Aid         | Local Sources        | Total                |                            |
| 2012/13 capital improvements            | \$ 340,800           | \$ 340,800           | \$ 321,857          | \$ 18,942           | \$ 340,799           | \$ 1                | \$                      | \$ 340,800        | \$ 340,800           | \$ 1                 |                            |
| 2013/14 capital improvements            | 525,510              | 525,510              | 415,554             |                     | 415,554              | 109,956             |                         | 525,510           | 525,510              | 109,956              |                            |
| 2013 capital reserve project - Phase I  | 1,000,000            | 1,000,000            | 971,816             |                     | 971,816              | 28,184              |                         | 1,000,000         | 1,000,000            | 28,184               |                            |
| 2013 capital reserve project - Phase II | 2,005,619            | 2,005,619            | 2,005,619           |                     | 2,005,619            | -                   |                         | 2,005,619         | 2,005,619            | -                    |                            |
| 2014/15 capital improvements            | 525,510              | 525,510              | 416,984             |                     | 416,984              | 108,526             |                         | 525,510           | 525,510              | 108,526              |                            |
| 2015/16 capital improvements            | 573,550              | 573,550              | 538,661             |                     | 538,661              | 34,889              |                         | 573,550           | 573,550              | 34,889               |                            |
| 2015 capital reserve project - Phase I  | 2,500,000            | 2,500,000            | 1,606,542           |                     | 1,606,542            | 893,458             |                         | 2,500,000         | 2,500,000            | 893,458              |                            |
| 2015 capital reserve project - Phase II | 1,019,558            | 1,019,558            | 4,155               | 521,745             | 525,900              | 493,658             |                         | 1,019,558         | 1,019,558            | 493,658              |                            |
| 2016 capital reserve project - Phase I  | 1,000,000            | 1,074,739            | 344,149             | 730,590             | 1,074,739            | -                   |                         | 1,074,739         | 1,074,739            | -                    |                            |
| 2016 capital reserve project - Phase II | 3,920,414            | 3,845,675            | 86,249              | 1,125,753           | 1,212,002            | 2,633,673           |                         | 3,845,675         | 3,845,675            | 2,633,673            |                            |
| 2016/17 capital improvements            | 626,314              | 626,314              | 329,396             |                     | 329,396              | 296,918             |                         | 626,314           | 626,314              | 296,918              |                            |
| 2017/18 capital improvements            | 800,040              | 800,040              | 557,396             | 178,696             | 736,092              | 63,948              |                         | 800,040           | 800,040              | 63,948               |                            |
| 2018/19 repair reserve                  | 150,000              | 150,000              |                     | 150,000             | 150,000              | -                   |                         | 150,000           | 150,000              | -                    |                            |
| 2018/19 capital improvements            | 1,014,040            | 1,014,040            | 704,777             | 50,270              | 755,047              | 258,993             |                         | 1,014,040         | 1,014,040            | 258,993              |                            |
| 2019/20 capital improvements            |                      | 1,000,000            |                     | 241,493             | 241,493              | 758,507             |                         | 1,000,000         | 1,000,000            | 758,507              |                            |
| Smart Schools Bond Act                  | 222,236              | 266,987              | 222,236             | 44,751              | 266,987              | -                   |                         | 266,987           | 266,987              | -                    |                            |
| <b>Totals</b>                           | <b>\$ 16,223,591</b> | <b>\$ 17,268,342</b> | <b>\$ 8,525,391</b> | <b>\$ 3,062,240</b> | <b>\$ 11,587,631</b> | <b>\$ 5,680,711</b> | <b>\$ -</b>             | <b>\$ 266,987</b> | <b>\$ 17,001,355</b> | <b>\$ 17,268,342</b> | <b>\$ 5,680,711</b>        |

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**  
**Schedule Net Investment in Capital Assets**  
June 30, 2020

|   |                      |
|---|----------------------|
| Capital assets, net                                       | <u>\$ 24,631,262</u> |
| Deduct:   |                      |
| Short-term portion of bonds payable                       | 305,000              |
| Long-term portion of bonds payable                        | 2,440,000            |
| Short-term portion of energy performance contract payable | 267,010              |
| Long-term portion of energy performance contract payable  | <u>1,625,901</u>     |
|   | <u>4,637,911</u>     |
| Net Investment in Capital Assets                          | <u>\$ 19,993,351</u> |

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

To the Board of Education  
East Williston Union Free School District  
Old Westbury, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the East Williston Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 2020.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the East Williston Union Free School District in a separate letter dated October 14, 2020.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

October 14, 2020

**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

## FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP  
7 World Trade Center  
250 Greenwich Street  
New York, New York 10007

October 5, 2021

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

Ladies and Gentlemen:

We have acted as Bond Counsel to East Williston 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 \$3,300,000 Tax Anticipation Notes for 2021-2022 Taxes (the “Note”), dated and delivered 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 subject to certain statutory limitations. 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.

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.

Very truly yours,

**APPENDIX E**

**FORM OF EVENTS NOTICE UNDERTAKING**

## 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 East Williston Union Free School District, in the County of Nassau, a school district of the State of 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 the date hereof.

“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 \$3,300,000 Tax Anticipation Notes for 2021-2022 Taxes, dated October 5, 2021, maturing on June 24, 2022, 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 either directly or through 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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security 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 Issuer, any of which reflect financial difficulties.

(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 **October 5, 2021**.

**EAST WILLISTON UNION FREE SCHOOL DISTRICT**

By \_\_\_\_\_  
President of the Board of Education