

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT

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R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hewlett-Woodmere Union Free School District

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 Hewlett-Woodmere Union Free School District, as of and for the fiscal 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 entity'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 entity'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 Hewlett-Woodmere Union Free School District, as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 15 and 60 through 64, 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.

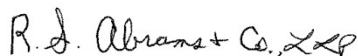
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hewlett-Woodmere Union Free School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the Hewlett-Woodmere Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hewlett-Woodmere 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 Hewlett-Woodmere Union Free School District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the Hewlett-Woodmere Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The District maintained an unassigned fund balance in the general fund of 3.80%, close to the 4% maximum permitted by Real Property Tax Law Section 1318 and within the guidelines established under Board of Education policy, for the fiscal year ended June 30, 2020.
- On the District-Wide Financial Statements, revenues increased by \$3,661,648 or 3.00%. The increase was primarily in real property taxes and other tax items, state sources, and other miscellaneous revenues. On the District-Wide Financial Statements, expenses increased by \$4,383,900 or 3.67%, primarily due to increases in instructional and general support expenses, offset by a decrease in pupil transportation.
- On June 9, 2020, voters approved the proposed 2020-21 budget in the amount of \$126,882,632, a 2.89% increase over the prior year. This marked the seventh year of public approval subsequent to passage of legislation capping increases in property taxes. The voters also approved a district-wide capital project proposition authorizing the District to expend \$2,000,000 from the capital reserve for lighting/CCTV additions and upgrades District-wide, plumbing upgrades at the elementary schools, VAT abatement and floor tile replacement at the High School, Middle School, and Franklin Early Childhood Center, the pavement project at the High School and Middle School, alarm upgrades at the High School and Woodmere Education Center, pool system and piping upgrades at the High School, District-wide technology upgrades, and District-wide security upgrades.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

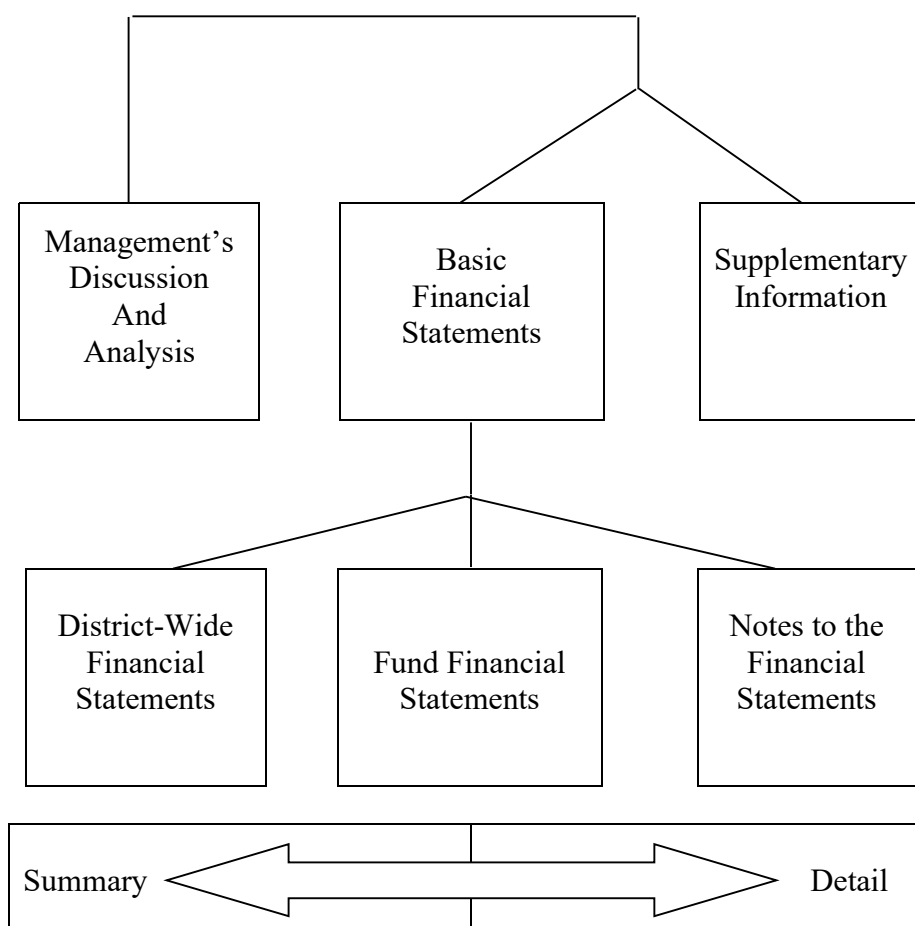
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Financial Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of District.

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

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



**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

A) District-Wide Financial Statements

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

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

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

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

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

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment* in capital assets;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) Fund Financial Statements

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

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Fund Financial Statements focus primarily on sources, uses, and balances of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary funds*: The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net position increased by \$1,993,267 in the fiscal year ended June 30, 2020, as detailed in Table A-3.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Table A-3 – Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2020	Fiscal Year 2019*	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$113,077,420	\$111,857,508	\$1,219,912	1.09%
Capital assets	81,501,955	78,468,283	3,033,672	3.87%
Net pension asset-proportionate share	7,453,033	5,187,769	2,265,264	43.67%
Total Assets	<u>202,032,408</u>	<u>195,513,560</u>	<u>6,518,848</u>	3.33%
Deferred outflows of resources	<u>35,554,482</u>	<u>30,050,035</u>	<u>5,504,447</u>	18.32%
Total assets and deferred outflows of resources	<u>237,586,890</u>	<u>225,563,595</u>	<u>12,023,295</u>	5.33%
Other liabilities	10,010,243	14,395,933	(4,385,690)	-30.46%
Long-term liabilities	184,430,818	172,779,263	11,651,555	6.74%
Total Liabilities	<u>194,441,061</u>	<u>187,175,196</u>	<u>7,265,865</u>	3.88%
Deferred inflows of resources	<u>10,567,264</u>	<u>7,803,101</u>	<u>2,764,163</u>	35.42%
Total liabilities and deferred inflows of resources	<u>205,008,325</u>	<u>194,978,297</u>	<u>10,030,028</u>	5.14%
Net Position				
Net investment in capital assets	68,808,504	62,009,852	6,798,652	10.96%
Restricted	83,765,115	78,073,487	5,691,628	7.29%
Unrestricted (deficit)	<u>(119,995,054)</u>	<u>(109,498,041)</u>	<u>(10,497,013)</u>	9.59%
Total Net Position	<u>\$32,578,565</u>	<u>\$30,585,298</u>	<u>\$1,993,267</u>	6.52%

*Reclassifications have been made to the 2019 information to conform to the 2020 reporting.

Current assets and other assets increased \$1,219,912 from 2019 to 2020. This was attributable to increases in taxes receivable and due from other governments, partially offset by decreases in cash and cash equivalents, and state and federal aid receivables.

Capital assets (net of depreciation) increased by \$3,033,672. This was due to current year additions and capital outlay exceeding current year depreciation expense and disposals.

The District reported a net pension asset - proportionate share for the teachers' retirement system in the amount of \$7,453,033 as a result of the actuarial valuation provided by the state.

The change in deferred outflows of resources represents the change in the District's contributions subsequent to the measurement date as well as amortization of the pension and other post-employment benefits obligation related items, as discussed in Notes 12 and 14, as well as the amortization of deferred charges on bond refundings, as discussed in Note 11.

Other liabilities decreased by \$4,385,690. This is primarily attributable to decreases in accounts payable, due to other governments, and due to teachers' retirement system.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Long-term liabilities increased from the prior year by \$11,651,555. This is primarily due to increases in total other post-employment benefit obligation liability and the net pension liability related to the employees' retirement system. These increases were partially offset by a decrease in claims payable and current year principal payments on debt. The change in deferred inflows represent amortization of pension related items, as discussed in Note 12.

Net investment in capital assets, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation, related debt and deferred outflows and inflows relating to debt. This number increased from the prior year by \$6,798,652 primarily due to a reduction in bonds payable in addition to current year additions and capital outlay, partially offset by current year depreciation.

The restricted net position at June 30, 2020 of \$83,765,115 relates to the District's reserves and amounts restricted in the debt service fund. Restricted net position is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Financial Statements provides for further descriptions and detailed balances.

The unrestricted net position (deficit) at June 30, 2020 of (\$119,995,054) relates to the balance of the District's net position. The unrestricted net deficit increased by \$10,497,013.

Overall, net position increased by \$1,993,267.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2020 and 2019 are as follows:

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$2,733,222	\$2,920,750	(\$187,528)	-6.42%
Operating grants	1,874,910	2,253,828	(378,918)	-16.81%
General Revenues				
Real property taxes and other tax items	106,346,968	103,611,510	2,735,458	2.64%
Use of money and property	852,475	1,063,640	(211,165)	-19.85%
State sources	11,880,295	10,734,571	1,145,724	10.67%
Other	2,011,201	1,453,124	558,077	38.41%
Total Revenues	<u>\$125,699,071</u>	<u>\$122,037,423</u>	<u>\$3,661,648</u>	3.00%
Expenses				
General support	18,145,393	17,424,416	720,977	4.14%
Instruction	97,097,608	92,764,226	4,333,382	4.67%
Pupil transportation	5,686,269	6,454,881	(768,612)	-11.91%
Community service	1,004,503	949,178	55,325	5.83%
Debt service - interest	295,071	445,656	(150,585)	-33.79%
Food service program	1,476,960	1,283,547	193,413	15.07%
Total Expenses	<u>123,705,804</u>	<u>119,321,904</u>	<u>4,383,900</u>	3.67%
Change in Net Position	<u>\$1,993,267</u>	<u>\$2,715,519</u>	<u>(\$722,252)</u>	-26.60%

The District's fiscal year 2020 revenues totaled \$125,699,071 (See Table A-4). Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 84.60% and 9.45%, respectively of total revenue (See Table A-5). The remainder came from fees charged for services, operating grants and other miscellaneous sources.

The cost of all programs and services totaled \$123,705,804 for fiscal year 2020 (See Table A-4). These expenses are predominantly related to general instruction, caring for (pupil services) and transporting students, which account for 83.09% of District expenses (See Table A-6). The District's general support activities accounted for 14.67% of total costs.

Users of the District's programs financed \$2,733,222 of the cost, reflecting a decrease of \$187,528 due to a decrease in participation in summer recreation programs (Statement of Activities, Charges for Services column – see Exhibit 3).

Federal and state governments subsidized certain programs with operating grants of \$1,874,910 (Statement of Activities, Operating Grants column – see Exhibit 3).

Most of the District's net costs of \$119,097,672 were financed by District taxpayers and state and federal sources (Statements of Activities Net (Expenses) Revenue and Changes in Net Position column – see Exhibit 3). Capital outlays were financed through proceeds from debt, voter supported

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

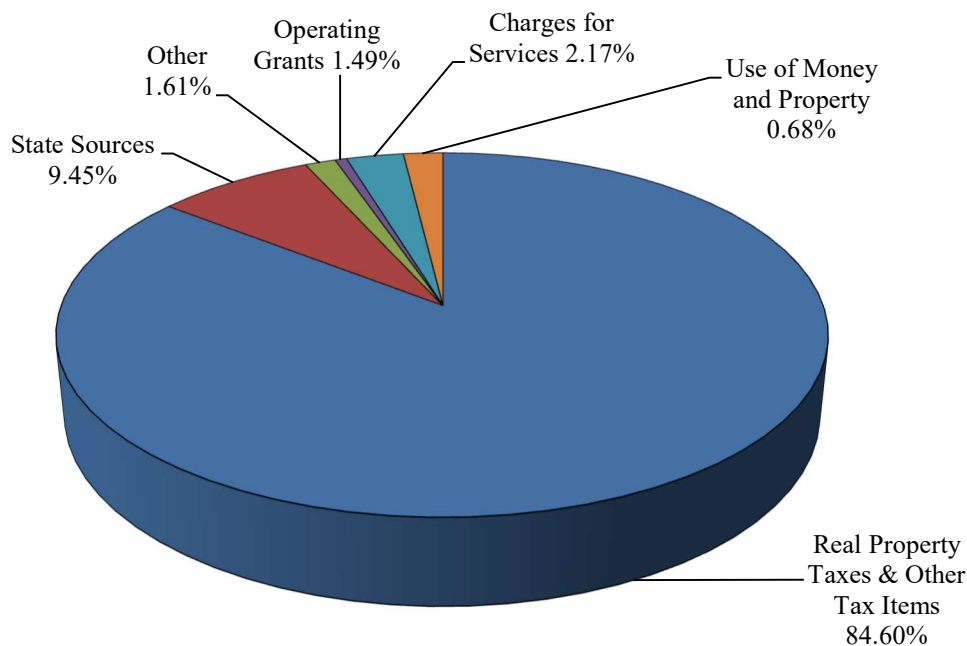
annual transfers from general fund and transfers from the capital reserves. Transfers from reserves are expected to play an increasing role over time.

C) Governmental Activities

The continuation of the overall good financial condition of the District, as a whole, can be credited to:

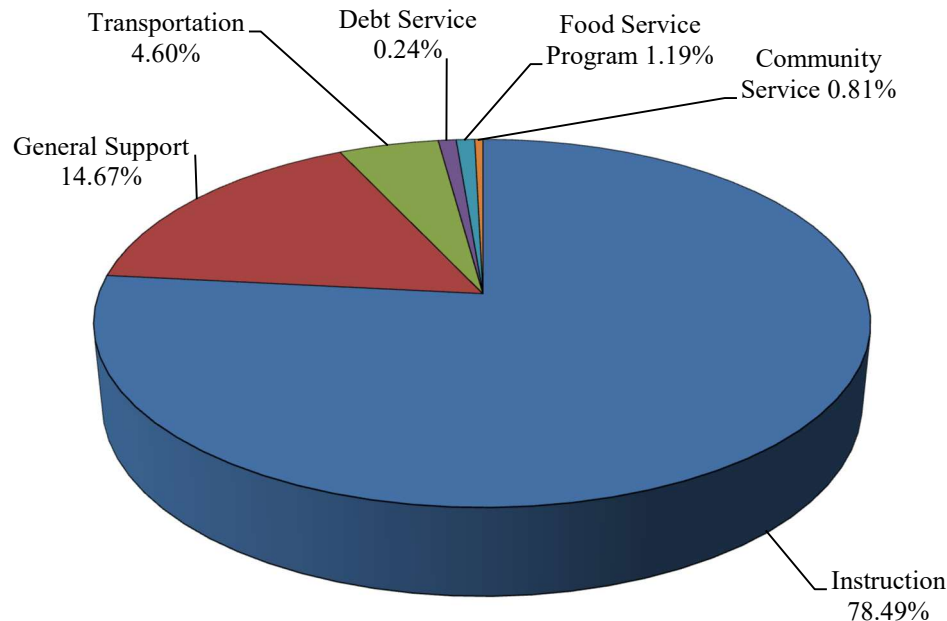
- Continued leadership of the District’s Board and administration.
- Long term savings resulting from successful negotiation of employment contracts with bargaining units and changes in terms and conditions for newly hired administrative staff.
- Overall stability limiting increases for employee benefits. Stabilization and anticipated reduction in rates for employee retirement programs will slowly reverse a portion of the substantial increases assessed in prior years. Health insurance trends appear to be trending back to historic averages.
- Selected usage of accumulated reserve funds.
- Strategic and expanded use of services from the Nassau BOCES.
- Increasingly limited increases in support from local property taxes and STAR.
- Improved curriculum, including incorporation of new student assessment models in a manner designed to integrate with and support the District mission.
- Continuation of community support.

Table A-5: Revenues for Fiscal Year 2020 (See Table A-4)



**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Table A-6: Expenses for Fiscal Year 2020 (See Table A-4)



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2020, the District's combined governmental funds reported a total fund balance of \$102,183,273. This is an increase of \$5,235,932 from the prior year.

A summary of the change in fund balance for the various funds are as follows:

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$12,400,808	\$12,325,436	\$75,372	0.61%
Restricted for unemployment insurance	3,088,451	3,032,775	55,676	1.84%
Restricted for retirement contribution - ERS	21,808,563	17,795,036	4,013,527	22.55%
Restricted for retirement contribution - TRS	2,063,627		2,063,627	N/A
Restricted for property loss	1,444,199	1,434,568	9,631	0.67%
Restricted for liability	2,362,280	1,030,920	1,331,360	129.14%
Restricted for employee benefit accrued liability	1,765,506	1,753,732	11,774	0.67%
Restricted for capital	5,875,711	4,056,634	1,819,077	44.84%
Restricted for repair	7,199,128	6,306,785	892,343	14.15%
Assigned - general support	117,621	355,667	(238,046)	-66.93%
Assigned - instruction	599,363	248,818	350,545	140.88%
Assigned - pupil transportation	13,047	3,209	9,838	306.58%
Assigned - employee benefits	490	514	(24)	-4.67%
Assigned - designated for subsequent year's expenditures	2,068,592	2,068,592	-	0.00%
Unassigned	4,821,539	4,686,111	135,428	2.89%
Total Fund Balance - General Fund	65,628,925	55,098,797	10,530,128	19.11%
School Lunch Fund				
Nonspendable	45,967	30,708	15,259	49.69%
Assigned	138,176	445,240	(307,064)	-68.97%
Total Fund Balance - School Lunch Fund	184,143	475,948	(291,805)	-61.31%
Debt Service Fund				
Restricted	1,128,324	1,107,553	20,771	1.88%
Total Fund Balance - Debt Service Fund	1,128,324	1,107,553	20,771	1.88%
Capital Projects Fund				
Restricted				
Capital	24,628,518	29,230,048	(4,601,530)	-15.74%
Unspent bond proceeds	124,858	124,858	-	0.00%
Assigned	10,488,505	10,910,137	(421,632)	-3.86%
Total Fund Balance - Capital Projects Fund	35,241,881	40,265,043	(5,023,162)	-12.48%
Total Fund Balance	\$102,183,273	\$96,947,341	\$5,235,932	5.40%

The District can attribute changes to fund balances and reserves in funds other than capital projects primarily due to operating results, Board approved transfers, and allocation of interest and earnings. The changes in the assigned fund balance are attributable to an increase in encumbrances as of June 30, 2020.

The decrease in the school lunch fund balance is due to the operating results of the program, partially offset by an interfund transfer from general fund in the amount of \$17,500.

The increase in the restricted fund balance in the debt service fund is attributable to interest earned.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The decrease in the capital projects fund balance is a result of the current year's capital outlay of \$7,023,162, partially offset by the \$2,000,000 budgetary interfund transfer from the general fund.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2019-20 Budget

The District's general fund adopted budget for the fiscal year ended June 30, 2020 was \$123,318,721. This amount was increased by encumbrances carried forward from the prior year in the amount of \$608,208 and budget revisions of \$475,121, which resulted in a final budget of \$124,402,050. The majority of the funding was provided by real property taxes and other tax items revenue budget of \$106,333,884.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual)

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

Opening, unassigned fund balance	\$ 4,686,111
Revenues over budget	2,191,896
Expenditures and encumbrances under budget	11,269,950
Interest allocated to reserves	(303,522)
Funding to reserves	(10,443,985)
Unused appropriated reserves	(510,319)
Assigned - designated for June 30, 2021 budget	(2,068,592)
Closing, unassigned fund balance	<u>\$ 4,821,539</u>

The opening unassigned fund balance of \$4,686,111 is the June 30, 2019 unassigned fund balance.

The revenues over budget of \$2,191,896 were primarily from charges for services, use of money and property, and miscellaneous revenues exceeding budgeted amounts (See Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of \$11,269,950 reflect savings across the budget, but primarily with lower than anticipated expenses for general support of \$1,613,969, instructional of \$4,779,177, pupil transportation of \$2,064,447, and employee benefits of \$2,651,912 (See Supplemental Schedule #1 for detail).

The District allocated interest to the reserves in the amount of \$303,522 to the following reserves: \$82,750 to the workers' compensation reserve, \$20,361 to the unemployment insurance reserve, \$112,096 to the ERS retirement contribution reserve, \$7,375 to the TRS retirement contribution

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

reserve, \$9,632 to the property loss reserve, \$6,921 to the liability reserve, \$11,774 to the employee benefit accrued liability reserve, \$10,271 to the capital reserve and \$42,342 to the repair reserve.

The District funded the reserves in the amount of \$10,443,985 to the following reserves: unemployment insurance reserve of \$100,000, liability reserve of \$1,727,497, ERS retirement contribution reserve of \$5,000,000, TRS retirement contribution reserve of \$957,682, repair reserve of \$850,000 and capital reserve of \$1,808,806.

The District also appropriated reserves in the amount of \$475,121 from the following reserves: \$7,378 from the workers compensation reserve, \$64,684 from the unemployment reserve, and \$403,059 from the liability reserve. All of these appropriated uses of reserves were recorded as budget revisions to the 2019-20 budget and resulted in no net change to general fund unassigned fund balance.

The District had budgeted for appropriated use of reserves in the amount of \$510,319 which were not utilized and therefore transferred back to the respective reserves.

The District has chosen to use \$2,068,592 of available fund balance to partially fund the approved budget for the subsequent year ending June 30, 2021.

The closing, unassigned fund balance of \$4,821,539 represents the fund balance retained by the District that is not restricted or designated for subsequent year's taxes. This amount is limited to 4% of the 2020-2021 budget. The District was in compliance with this limit.

The changes in fund balances are discussed further in Management Discussion and Analysis Section 4 – Financial Analysis of the District's Funds.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2019-20. A summary of the District's capital assets net of depreciation are as follows:

Table A-7: Capital Assets (Net of Depreciation)

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Category	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percentage Change
Land	\$5,159,600	\$5,159,600	\$ -	0.00%
Construction in progress	21,988,660	14,839,761	7,148,899	48.17%
Buildings & improvements	97,612,060	97,612,060	-	0.00%
Furniture & equipment	6,426,688	6,252,271	174,417	2.79%
Land improvements	2,929,421	2,887,461	41,960	1.45%
Vehicles	804,242	704,966	99,276	14.08%
Subtotal	134,920,671	127,456,119	7,464,552	5.86%
Less: accumulated depreciation	53,418,716	48,987,836	4,430,880	9.04%
Total net capital assets	\$81,501,955	\$78,468,283	\$3,033,672	3.87%

The District spent \$7,148,899 in the capital projects fund on construction in progress. Additionally, in the general fund, the District spent \$348,444 on furniture and equipment, land improvements, and vehicles, and \$4,000 in the school lunch fund on equipment and furnishings.

B) Long-Term Debt

At June 30, 2020 the District had total bonds payable of \$10,265,000 and energy performance contract related debt of \$1,629,478.

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

	2020	2019	Increase (Decrease)
Energy performance contract debt	\$1,629,478	\$2,017,659	(\$388,181)
Serial bonds	10,265,000	13,290,000	(3,025,000)
	<u>\$11,894,478</u>	<u>\$15,307,659</u>	<u>(\$3,413,181)</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- The general fund budget for the 2020-21 school year, in the amount of \$126,882,632, was approved by voters on June 9, 2020. This is an increase of \$3,563,911 or 2.89% over the previous year's budget. Half of the increases were for additional staffing along with general salary growth which is partially offset by reductions in other areas. The District expects to fund the gap between the budget and projected revenue through transfers from established reserves totaling \$1,014,497. The tax cap

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19 may impact the District's future budgets.

- The NYS Legislature has introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Hewlett-Woodmere Union Free School District
Marie Donnelly
Interim Assistant Superintendent for Business
One Johnson Place
Woodmere, New York 11598
(516) 792-4803
mdonnelly@hewlett-woodmere.net

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit 2

ASSETS

Current assets

Cash and cash equivalents	
Unrestricted	\$15,555,131
Restricted	83,889,973
Receivables	
State and federal aid	1,308,308
Taxes receivable	5,280,598
Due from other governments	5,128,452
Due from fiduciary funds	1,863,488
Other	5,503
Inventories	45,967

Non-current assets

Capital assets	
Capital assets not being depreciated	27,148,260
Capital assets being depreciated, net of accumulated depreciation	54,353,695
Net pension asset - proportionate share - teachers' retirement system	7,453,033

TOTAL ASSETS 202,032,408

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding	338,750
Total other post-employment benefits obligation	4,914,469
Pensions	30,301,263

TOTAL DEFERRED OUTFLOWS OF RESOURCES 35,554,482

**TOTAL ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES**

237,586,890

LIABILITIES

Payables

Accounts payable	2,672,581
Accrued liabilities	443,740
Accrued interest payable	81,781
Due to fiduciary fund	326,323
Due to other governments	1,294,762
Due to teachers' retirement system	4,640,646
Due to employees' retirement system	460,275

Unearned credits

Collections in advance	90,135
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Long-term liabilities

Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	3,645,391
Compensated absences payable	87,620
Termination benefits payable	192,951
Energy performance contract debt payable	395,709
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	7,882,190
Energy performance contract debt payable	1,233,769
Claims payable	4,620,436
Compensated absences payable	2,449,892
Termination benefits payable	335,927
Total other post-employment benefits obligation	154,080,455
Net pension liability - proportionate share - employees' retirement system	9,506,478

TOTAL LIABILITIES 194,441,061

DEFERRED INFLOWS OF RESOURCES

Pensions	10,567,264
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TOTAL DEFERRED INFLOWS OF RESOURCES 10,567,264

**TOTAL LIABILITIES AND DEFERRED INFLOWS
OF RESOURCES**

205,008,325

NET POSITION

Net investment in capital assets 68,808,504

Restricted:

Workers' compensation	12,400,808
Unemployment insurance	3,088,451
Retirement contributions - ERS	21,808,563
Retirement contributions - TRS	2,063,627
Property loss	1,444,199
Liability	2,362,280
Employee benefit accrued liability	1,765,506
Capital	30,504,229
Repair	7,199,128
Debt service	1,128,324

83,765,115

Unrestricted (119,995,054)

TOTAL NET POSITION \$32,578,565

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	(\$18,145,393)			(\$18,145,393)
Instruction	(97,097,608)	\$2,263,551	\$1,507,272	(93,326,785)
Pupil transportation	(5,686,269)			(5,686,269)
Community services	(1,004,503)			(1,004,503)
Debt service-interest	(295,071)			(295,071)
Food service program	(1,476,960)	469,671	367,638	(639,651)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$123,705,804)</u>	<u>\$2,733,222</u>	<u>\$1,874,910</u>	<u>(119,097,672)</u>
GENERAL REVENUES				
Real property taxes				96,758,949
Other tax items - including STAR reimbursement				9,588,019
Use of money & property				852,475
Miscellaneous				1,662,802
State sources				11,880,295
Medicaid reimbursement				348,399
TOTAL GENERAL REVENUES				<u>121,090,939</u>
CHANGE IN NET POSITION				1,993,267
TOTAL NET POSITION - BEGINNING OF YEAR				<u>30,585,298</u>
TOTAL NET POSITION - END OF YEAR				<u>\$32,578,565</u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents						
Unrestricted	\$14,574,448	\$918,047	\$62,636			\$15,555,131
Restricted	79,556,239			\$1,002,176	\$3,331,558	83,889,973
Receivables						
State and federal aid	253,088	981,214	74,006			1,308,308
Due from other governments	5,128,452					5,128,452
Due from other funds	6,387,377	2,666,805	110,803	126,148	32,471,536	41,762,669
Accounts receivable	1,656		3,847			5,503
Taxes receivable	5,280,598					5,280,598
Inventories			45,967			45,967
TOTAL ASSETS	<u>\$111,181,858</u>	<u>\$4,566,066</u>	<u>\$297,259</u>	<u>\$1,128,324</u>	<u>\$35,803,094</u>	<u>\$152,976,601</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts payable	\$2,198,559	\$17,653	\$21,304		\$435,065	\$2,672,581
Accrued liabilities	403,734	24,524	15,482			443,740
Due to other governments	1,294,762					1,294,762
Due to other funds	35,559,925	4,523,889	15,542		126,148	40,225,504
Due to teachers' retirement system	4,640,646					4,640,646
Due to employees' retirement system	438,089		22,186			460,275
Unearned credits						
Collections in advance	51,533		38,602			90,135
TOTAL LIABILITIES	<u>44,587,248</u>	<u>4,566,066</u>	<u>113,116</u>	<u>-</u>	<u>561,213</u>	<u>49,827,643</u>
DEFERRED INFLOWS OF RESOURCES						
Excess Cost and BOCES Aid	351,213					351,213
New York City Tuition	614,472			-	-	614,472
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>965,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,685</u>
FUND BALANCES						
Non-spendable: Inventory			45,967			45,967
Restricted:						
Workers' compensation	12,400,808					12,400,808
Unemployment insurance	3,088,451					3,088,451
Retirement contribution - ERS	21,808,563					21,808,563
Retirement contribution - TRS	2,063,627					2,063,627
Property loss	1,444,199					1,444,199
Liability	2,362,280					2,362,280
Employee benefit accrued liability	1,765,506					1,765,506
Capital	5,875,711				\$24,628,518	30,504,229
Repair	7,199,128					7,199,128
Unspent bond proceeds					124,858	124,858
Debt service				\$1,128,324		1,128,324
Assigned:						
Appropriated	2,068,592					2,068,592
Unappropriated	730,521		138,176		10,488,505	11,357,202
Unassigned	4,821,539					4,821,539
TOTAL FUND BALANCES	<u>65,628,925</u>	<u>-</u>	<u>184,143</u>	<u>1,128,324</u>	<u>35,241,881</u>	<u>102,183,273</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
	<u>\$111,181,858</u>	<u>\$4,566,066</u>	<u>\$297,259</u>	<u>\$1,128,324</u>	<u>\$35,803,094</u>	<u>\$152,976,601</u>

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balances	\$102,183,273
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost 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 include 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	\$134,920,671	
Accumulated depreciation	<u>(53,418,716)</u>	81,501,955

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to:

(10,567,264)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to total OPEB liability	\$4,914,469	
Deferred outflows related to pensions	<u>30,301,263</u>	35,215,732

Deferred outflows of resources - deferred charges on refundings. The Statement of Net Position will amortize deferred charges on refundings over the life of the bond. Governmental funds record deferred charges on refundings as an expenditure in the year of the refunding.

338,750

Deferred inflow of resources - tuition and state aid - The Statement of Net Position recognizes revenue received under the full accrual method. Governmental funds recognize revenue under the modified accrual.

965,685

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year-end for teachers' retirement system was:

7,453,033

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest payable		(81,781)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (inclusive of unamortized premiums)	(\$11,527,581)	
Energy performance contract debt payable	(1,629,478)	
Claims payable	(4,620,436)	
Compensated absences payable	(2,537,512)	
Termination benefits payable	(528,878)	
Total other post-employment benefits obligation	(154,080,455)	
Net pension liability - proportionate share - employees' retirement system	<u>(9,506,478)</u>	<u>(184,430,818)</u>

Total Net Position	<u><u>\$32,578,565</u></u>
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HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$96,758,949					\$96,758,949
Other tax items - including STAR reimbursement	9,588,019					9,588,019
Charges for services	2,263,551					2,263,551
Use of money and property	830,472		\$1,232	\$20,771		852,475
Miscellaneous	1,613,235		49,567			1,662,802
State sources	11,529,082	\$483,901	15,031			12,028,014
Federal sources	348,399	1,023,371	293,822			1,665,592
Surplus food			58,785			58,785
Sales			469,671			469,671
TOTAL REVENUES	122,931,707	1,507,272	888,108	20,771	-	125,347,858
EXPENDITURES						
General support	13,922,444					13,922,444
Instruction	62,913,123	1,672,272				64,585,395
Pupil transportation	5,557,716					5,557,716
Community service	680,095					680,095
Employee benefits	23,067,193					23,067,193
Debt service - principal	3,413,181					3,413,181
Debt service - interest	665,327					665,327
Cost of sales			1,197,413			1,197,413
Capital outlay					\$7,023,162	7,023,162
TOTAL EXPENDITURES	110,219,079	1,672,272	1,197,413	-	7,023,162	120,111,926
EXCESS (DEFICIENCY)						
OF REVENUES OVER EXPENDITURES	12,712,628	(165,000)	(309,305)	20,771	(7,023,162)	5,235,932
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in	-	165,000	17,500		2,000,000	2,182,500
Operating transfers (out)	(2,182,500)					(2,182,500)
TOTAL OTHER FINANCING SOURCES (USES)	(2,182,500)	165,000	17,500	-	2,000,000	-
NET CHANGE IN FUND BALANCES	10,530,128	-	(291,805)	20,771	(5,023,162)	5,235,932
FUND BALANCES - BEGINNING OF YEAR	55,098,797	-	475,948	1,107,553	40,265,043	96,947,341
FUND BALANCES - END OF YEAR	\$65,628,925	\$ -	\$184,143	\$1,128,324	\$35,241,881	\$102,183,273

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances	\$5,235,932
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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 expenses (compensated absences and termination benefits) are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used.	393,219
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Deferred inflows of resources - The Statement of Net Position recognizes revenue received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.	351,213
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Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however the payable is recognized as it accrues regardless of when it is due. Claims payable from June 30, 2019 to June 30, 2020 changed by:	1,407,889
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Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	3,025,000
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Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	388,181
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Governmental funds report premiums, discounts, and similar items on bonds when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2020 was

Bond premiums	\$452,291	
Deferred charges - bond refundings	(100,492)	351,799

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this 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. Accrued interest from June 30, 2019 to June 30, 2020 changed by:	18,457
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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.

Capital asset additions	\$7,501,343	
Depreciation expense	(4,467,671)	3,033,672

Pension Differences

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

Teacher' retirement system	(\$4,821,709)	
Employees' retirement system	(1,907,636)	
Total other post-employment benefits obligation	(5,482,750)	(12,212,095)

Change in Net Position	<u>\$1,993,267</u>
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HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash - restricted	\$267,016	\$2,886,611
Accounts receivable		1,500
Due from other funds	310,781	15,542
TOTAL ASSETS	<u><u>\$577,797</u></u>	<u><u>\$2,903,653</u></u>
LIABILITIES		
Extraclassroom activity balance		\$200,849
Due to other funds		1,863,488
Other liabilities		839,316
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>\$2,903,653</u></u>
NET POSITION		
Restricted for scholarships	577,797	
TOTAL NET POSITION	<u><u>577,797</u></u>	
TOTAL LIABILITIES AND NET POSITION	<u><u>\$577,797</u></u>	

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Gifts and contributions	\$429,789
Interest and earnings	<u>3,121</u>
TOTAL ADDITIONS	<u>\$432,910</u>
DEDUCTIONS	
Scholarships and awards	540,674
Other	
TOTAL DEDUCTIONS	<u>540,674</u>
CHANGE IN NET POSITION	(107,764)
NET POSITION - BEGINNING OF YEAR	<u>685,561</u>
NET POSITION - ENDING OF YEAR	<u><u>\$577,797</u></u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

The financial statements of Hewlett-Woodmere Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. 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 is a brief description of an entity included in the District’s reporting entity.

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 its agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Funds. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B) Joint venture:

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State 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 the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

i) District-Wide Financial Statements:

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

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

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

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

Fiduciary Fund: These funds are used to account for fiduciary activities. Fiduciary activities are those 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. The District has the following fiduciary funds:

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.

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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

D) Measurement focus and basis of accounting:

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. Non-exchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months 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, termination benefits, other post-employment benefits obligations, and net pension liability, 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.

E) Real property taxes:

i) Calendar

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

ii) Enforcement

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

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position 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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

G) Interfund transactions:

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

In the District-Wide Financial 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 may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with 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 contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, termination benefits, net pension liability, other post-employment benefits, workers' compensation claims, potential contingent liabilities and useful lives of long-lived assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2020.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years ago, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	\$3,500	Straight-line	20-50 years
Furniture & equipment	\$3,500	Straight-line	5-20 years
Land improvements	\$3,500	Straight-line	20 years
Vehicles	\$3,500	Straight-line	8 years

M) Collections in advance:

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

Collections in advance consist of amounts received in advance for the summer program in the general fund and for amounts received in advance for meals that have not yet been purchased in the school lunch fund.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The District reported \$338,750 of deferred outflows of resources at June 30, 2020 representing the financial effect of deferred charges on refundings of general obligation serial bonds. A deferred charge results from the difference in the net carrying value of the refunded debt over its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District additionally reported amounts related to pensions and total other post-employment benefits obligation reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12 and 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category. The District reported amounts related to pensions reported in the District-Wide Statement of Net Position, which are detailed further in Note 12.

In addition, the Governmental Funds Balance Sheet will sometimes report deferred inflow of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. The District has two items that qualify for reporting in this category. These amounts are related to tuition and state aid reported as deferred inflows of resources in the Governmental Funds Balance Sheet.

O) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, or other negotiated benefit.

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Termination Benefits:

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

In the Fund Financial Statements, a liability is reported only for payments due for unused compensated absences and termination benefits for those employees that have obligated themselves to separate from service with the District by June 30th.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Most employees hired after June 30, 2014 must complete ten years of service in order to vest. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds, in the year paid. In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Q) Short-term debt:

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

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

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

The District has not issued or retired any short-term debt in the fiscal year ended June 30, 2020.

R) Accrued liabilities and long-term obligations:

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

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

S) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

(1) **Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$45,967 at June 30, 2020.

(2) **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

Workers' Compensation Reserve

Workers compensation reserve (GML § 6-j), is used to pay for compensation benefits and other expenses authorized by Article 2 of Workers' Compensation Law, and for the payment of expenses of administering 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. The reserve is accounted for separate and apart from all other funds of the school district. Expenditures can be made without voter approval. This reserve is accounted for in the general fund as restricted fund balance.

Unemployment Insurance Reserve

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund as restricted fund balance.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund under restricted fund balance.

Property Loss/Liability Reserve

Property loss/liability reserve (EDL § 1709 (8-c)), is used to pay for property loss and liability claims incurred. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Separate reserve funds must be established for property loss and liability claims. The separate identity of each fund must be maintained, whether its assets consist of cash or investments, or both. Expenditures can be made without voter approval. For school districts, each reserve may not exceed the greater of 3% of the annual budget or \$15,000. Once that reserve has been established, the reserve fund may not be reduced (other than by payments for losses for which the reserve was established) below the estimated amount necessary to cover unsettled claims or suits. This reserve is accounted for in the general fund as restricted fund balance.

Employee Benefit Accrued Liability Reserve

Employee benefit accrued liability reserve (GML §6-p), must be used for the payment of accrued employee benefit 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. This reserve is accounted for in the general fund as restricted fund balance.

Capital Reserve

Capital reserve (EDL §3651), available to school districts are used to pay the cost of any object or purpose for which a bond may be issued. The creation of a capital requires authorization by a majority of the voters establishing the purposes of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

authorized by the voters. If the voters determine that the original purpose for which reserve was established is no longer needed, the reserve may be liquidated, the proceeds first be applied to any outstanding indebtedness and the remaining balance, if any, be applied to reduce the annual tax levy subject to certain limitations set in the law. This reserve is accounted for in the general fund as restricted fund balance.

Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

Repair Reserve

Repair reserve (GML §6-d), is used to pay the cost of repairs of capital improvements or equipment, which repairs are of a type not recurring annually or shorter intervals. The Board without voter approval may establish a repair reserve fund by a majority vote of its members. The reserve is accounted for separate and apart from all other funds of the school district. 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 and at least five days has elapsed between the publication of the notice of hearing and the date specified for the hearing, except in emergency situations. If no hearing is held, the Board must pass a resolution that is approved by at least a two-thirds vote. Additionally, at least one half of the amount expended must be repaid to the reserve fund in the next fiscal year and the balance be repaid by the end of the following fiscal year. This reserve is accounted for in the general fund as restricted fund balance.

Unspent Bond Proceeds

Unspent bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. This restricted fund balance is accounted for in the capital projects fund.

Debt Service

Debt service accumulates funds from unused bond proceeds and interest earnings. The accumulated funds must be used to offset the cost of the bond principal and interest payments. This reserve is accounted for in the debt service fund, as restricted fund balance.

Scholarships

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

- (3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2020.

- (4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.
- (5) **Unassigned fund balance** –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

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

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

T) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

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

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

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

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

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iii) Long-term debt transaction differences:

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

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and difference between actual and expected experience, difference between projected and actual earnings on pension plan investments, the District's contributions and its proportionate share of the total contributions to the pension systems and Districts contributions subsequent to the measurement date.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the Supplemental Schedule #5.

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

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

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The increase in the amount that may be raised by the District for real property taxes (levy) in any fiscal year, is limited by the Constitution of the State of New York to the lesser of 2% or inflation with certain adjustments and exclusions for court ordered exclusions, local capital expenditures and pension exclusions.

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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by the depository insurance and the deposits are as follows:

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

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various

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purposes. Restricted cash as June 30, 2020 included \$83,889,973 within the governmental funds for capital projects, debt service and general reserve purposes and \$3,153,627 in the fiduciary funds.

B) Investments:

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

C) Investment Pool:

The District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At June 30, 2020 the District held \$39,661 in investments consisting of various investments in securities issued by the United States and its agencies:

Fund	Bank Balance
General fund	\$7,307
Capital reserve	24,610
General fund risk retention	166
Capital projects fund	7,578
Total	<u>\$39,661</u>

Total investments of the cooperative at June 30, 2020 are \$2,284,281,844 which consisted of \$218,847,408 in repurchase agreements and \$2,065,434,436 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2019 are \$1,083,106,627.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements. NYCLASS is rated AAAM by Standard and Poor's Ratings Agency. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

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NOTE 5 –PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2020, the District was billed \$4,755,218 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,645,968. Financial statements for the Nassau BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, P.O. Box 9195, Garden City, NY 11530.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2020 consisted of the following:

General Fund	
Excess cost aid	\$253,088
Total-General fund	<u>253,088</u>
Special Aid Fund	
Federal grants	780,971
State grants	<u>200,243</u>
Total-Special Aid Fund	<u>981,214</u>
School Lunch Fund	
Lunch - federal aid	44,119
Breakfast - federal aid	27,845
Lunch - state aid	760
Breakfast - state aid	<u>1,282</u>
Total School Lunch Fund	<u>74,006</u>
Total-All Funds	<u><u>\$1,308,308</u></u>

The general fund excess cost aid receivable includes \$50,618 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2020 consisted of the following:

BOCES aid	\$1,560,080
Non-resident and special education tuition	<u>3,568,372</u>
Total Due from other governments	<u><u>\$5,128,452</u></u>

The general fund due from other governments for BOCES aid includes \$300,595 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet. Additionally, the general fund due from other governments for non-resident and special education tuition includes

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NOTES TO FINANCIAL STATEMENTS
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\$614,472 of unavailable revenues, which is also included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 8 – CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$5,159,600			\$5,159,600
Construction in progress	14,839,761	\$7,148,899		21,988,660
Total capital assets not being depreciated	<u>\$19,999,361</u>	<u>7,148,899</u>	<u>-</u>	<u>27,148,260</u>
Capital assets that are depreciated:				
Buildings & building improvements	97,612,060			97,612,060
Furniture & equipment	6,252,271	211,208	(36,791)	6,426,688
Land improvements	2,887,461	41,960		2,929,421
Vehicles	704,966	99,276		804,242
Total capital assets being depreciated	<u>107,456,758</u>	<u>352,444</u>	<u>(36,791)</u>	<u>107,772,411</u>
Less accumulated depreciation:				
Buildings & building improvements	43,377,546	3,766,564		47,144,110
Furniture & equipment	3,338,542	561,392	(36,791)	3,863,143
Land improvements	1,664,764	109,707		1,774,471
Vehicles	606,984	30,008		636,992
Total accumulated depreciation	<u>48,987,836</u>	<u>4,467,671</u>	<u>(36,791)</u>	<u>53,418,716</u>
Total capital assets being depreciated, net	<u>58,468,922</u>	<u>(4,115,227)</u>	<u>-</u>	<u>54,353,695</u>
Capital assets, net	<u>\$78,468,283</u>	<u>\$3,033,672</u>	<u>\$ -</u>	<u>\$81,501,955</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$196,633
Food service	200
Instruction	4,270,838
Total	<u>\$4,467,671</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$6,387,377	\$35,559,925		\$2,182,500
Special aid fund	2,666,805	4,523,889	\$165,000	
School lunch fund	110,803	15,542	17,500	
Debt service fund	126,148			
Capital projects fund	32,471,536	126,148	2,000,000	
Total government activities	41,762,669	40,225,504	2,182,500	2,182,500
Private purpose trust fund	310,781			
Fiduciary agency fund	15,542	1,863,488		
Totals	<u>\$42,088,992</u>	<u>\$42,088,992</u>	<u>\$2,182,500</u>	<u>\$2,182,500</u>

The District typically transfers from the general fund to the capital projects fund to finance capital projects. The District also transfers from the capital reserve in the general fund to the capital projects fund to finance specific projects subsequent to voter approval. The District typically transfers from the general fund to the special aid fund to fund the District's share of summer school for students with disabilities expenses required by state law. The District also made a transfer from the general fund to the school lunch fund to subsidize part of the school lunch fund's general operating costs.

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

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

NOTE 10 – LONG-TERM LIABILITIES:

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

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	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Construction serial bonds	\$13,290,000		\$3,025,000	\$10,265,000	\$3,200,000
Plus:					
Unamortized bond premiums	1,714,872		452,291	1,262,581	445,391
Total bonds payable (inclusive of unamortized premiums)	15,004,872	-	3,477,291	11,527,581	3,645,391
Energy performance contract debt payable	2,017,659		388,181	1,629,478	395,709
Other long-term liabilities:					
Claims payable	6,028,325		1,407,889	4,620,436	
Termination benefits payable	834,477		305,599	528,878	192,951
Compensated absences payable	2,625,132		87,620	2,537,512	87,620
Total other post - employment benefits liability	143,683,236	\$13,228,376	2,831,157	154,080,455	
Net pension liability - proportionate share - employees' retirement system	2,582,562	10,570,397	3,646,481	9,506,478	
Total long-term liabilities	<u>\$172,776,263</u>	<u>\$23,798,773</u>	<u>\$12,144,218</u>	<u>\$184,430,818</u>	<u>\$4,321,671</u>

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

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Construction serial bond	2011	2021	Various	\$1,650,000
Refunded serial bonds	2017	2025	Various	8,615,000
				<u>\$10,265,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$3,200,000	\$474,500	\$3,674,500
2022	1,640,000	312,250	1,952,250
2023	1,715,000	228,375	1,943,375
2024	1,805,000	140,375	1,945,375
2025	1,905,000	47,625	1,952,625
Total	<u>\$10,265,000</u>	<u>\$1,203,125</u>	<u>\$11,468,125</u>

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

B) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Debt	4/14/2015	4/14/2024	1.93%	<u>\$1,629,478</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$395,709	\$29,549	\$425,258
2022	403,383	21,875	425,258
2023	411,206	14,052	425,258
2024	419,180	6,077	425,257
Total	<u>\$1,629,478</u>	<u>\$71,553</u>	<u>\$1,701,031</u>

C) Long-Term Interest:

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

	Total
Interest paid	<u>\$665,327</u>
Plus interest accrued in the current year	81,781
Plus amortization of deferred charges on refunding	100,492
Less interest accrued in the prior year	(100,238)
Less amortization of premium on obligations	<u>(452,291)</u>
Total expense	<u>\$295,071</u>

D) Premiums on Bonds:

The bond premiums on refundings pertaining to the 2009, 2011, and 2017 bond refundings are recorded in the District-Wide Financial Statements, as a component on bonds payable. Amortization of premium on obligations recorded on the District-Wide Financial Statements amounted to \$452,291 for the fiscal year ending June 30, 2020, and is recorded as a

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component of interest expense. Unamortized bond premiums at June 30, 2020 consisted of \$1,262,581.

	<u>2009 Bond</u>	<u>2011 Bond</u>	<u>2017 Bond</u>	<u>Total</u>
Deferred premium	\$67,948	\$1,656,010	\$1,694,919	\$3,418,877
Accumulated amortization	(46,933)	(1,497,309)	(612,054)	(2,156,296)
Balance of deferred premium	<u>\$21,015</u>	<u>\$158,701</u>	<u>\$1,082,865</u>	<u>\$1,262,581</u>

NOTE 11 – DEFERRED OUTFLOWS OF RESOURCES - REFUNDINGS:

The deferred charges on refundings pertaining to the 2011 and 2017 bond refundings are recorded in the District-Wide Financial Statements as a deferred outflow of resources. Deferred outflows of resources at June 30, 2020 consisted of the following:

	<u>2011 Bond</u>	<u>2017 Bond</u>	<u>Total</u>
Deferred charges	\$161,630	\$505,974	\$667,604
Accumulated amortization	(146,140)	(182,714)	(328,854)
Balance of deferred charges	<u>\$15,490</u>	<u>\$323,260</u>	<u>\$338,750</u>

The deferred charges on the 2011 and 2017 refundings are being amortized on the District-Wide Financial Statements using the straight-line method over 10 years and 7 years, respectively, the time to maturity on the refunded bonds, at the point of refunding. Amortization of the deferred charges on refunding recorded on the District-Wide Financial Statements amounted to \$100,492 for the fiscal year ending June 30, 2020, and is recorded as a component of interest expense.

NOTE 12 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

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

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12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012

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- i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2020, by tier, of covered payroll was as follows:

Tier 1	0.0%
Tier 2	0.0%
Tier 3	16.1%
Tier 4	16.1%
Tier 5	13.4%
Tier 6	9.6%

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2020 was 8.86% of covered payroll.

	ERS	TRS
2020	\$1,733,798	\$4,291,533
2019	\$1,767,879	\$5,085,292
2018	\$1,740,707	\$4,563,687

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and 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 March 31, 2020 for ERS and June 30, 2019 for TRS. 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 ERS and TRS Systems in reports provided to the District.

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	(\$9,506,478)	\$7,453,033
District's portion of the Plan's total net pension asset/(liability)	0.0358998%	0.286875%
Change in proportion since the prior measurement date	-0.0005921%	-0.0000170%

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$3,646,481 for ERS and \$9,118,967 for TRS. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$559,495	\$5,050,730		\$554,222
Changes of assumptions	191,415	14,079,776	\$165,284	3,433,048
Net difference between projected and actual earnings on pension plan investments	4,873,483			5,976,948
Changes in proportion and differences between the District's contributions and proportionate share of contributions	788,829	5,727	36,567	401,195
District's contributions subsequent to the measurement date	460,275	4,291,533		
	<u>\$6,873,497</u>	<u>\$23,427,766</u>	<u>\$201,851</u>	<u>\$10,365,413</u>

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

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	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2020		\$3,273,866
2021	\$1,213,711	115,961
2022	1,607,647	3,261,644
2023	1,912,756	2,160,013
2024	1,477,257	209,401
Thereafter	-	(250,065)
	<u>\$6,211,371</u>	<u>\$8,770,820</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.3%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. 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.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections 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 investment expense and inflation) for each major

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>April 1, 2019</u>		<u>June 30, 2018</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bonds and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income securities			16%	1.3%
Global fixed income securities			2%	0.9%
High-yield fixed income securities			1%	3.6%
Private debt			1%	6.5%
Real estate debt			7%	2.9%
Short-term			1%	0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS, and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$17,447,071)</u>	<u>(\$9,506,478)</u>	<u>(\$2,193,158)</u>
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$33,642,213)</u>	<u>\$7,453,033</u>	<u>\$41,927,307</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$460,275.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2019 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$4,640,646.

NOTE 13 – RETIREMENT 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 termination payments based on collectively bargained agreements. Contributions made by the District and by employees for the year ended June 30, 2020, totaled \$30,000 and \$3,119,207, 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 \$401,684.

NOTE 14 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District primarily provides post-employment health insurance coverage to retired employees, their spouses and their covered dependents in accordance with the provisions of various employment contracts. Medicare Part B benefits are also provided. Benefits are provided through a consortium known as the New York State Health Insurance Program Empire Plan, (the "Plan"). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. The contribution requirements of Plan members and the District are established and may be amended by the District. Benefit terms provide for the District to contribute between 35% and 100% of the premiums for individual and family coverage, 0% of the premiums for surviving spouses, and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are accrued. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	356
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	631
Total	<u>987</u>

B) Total OPEB Liability:

The District’s total OPEB liability of \$154,080,455 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%
Discount rate	2.44%
Healthcare cost trend rates	7.00% for 2020, decreasing by 0.25% per year to an ultimate rate of 4.50% by 2031
Retirees' share of benefit-related costs	0% to 65% of health insurance premiums for retirees, and 100% of surviving spouse coverage

The discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 using an average of three 20-year bond indices (Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2020.

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

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2019	<u>\$143,683,236</u>
Changes for the fiscal year:	
Service cost	4,017,170
Interest	3,471,331
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,739,875
Benefit payments	<u>(2,831,157)</u>
Net changes	<u>10,397,219</u>
Balance at June 30, 2020	<u><u>\$154,080,455</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include a change in the discount rate from 3.50% to 2.44%.

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:

	1% Decrease (1.44%)	Discount Rate (2.44%)	1% Increase (3.44%)
Total OPEB liability	<u>\$194,977,092</u>	<u>\$154,080,455</u>	<u>\$124,329,062</u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates 7%</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$121,783,367</u>	<u>\$154,080,455</u>	<u>\$199,139,855</u>

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense (credit) of \$8,313,907. At June 30, 2020, the District reported the following deferred outflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	4,914,469
	<u>\$ 4,914,469</u>

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

Fiscal Year ended June 30:	
2021	\$825,406
2022	825,406
2023	825,406
2024	825,406
2025	825,406
2026	787,439
Thereafter	-
	<u>\$4,914,469</u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – RISK MANAGEMENT:

A) General:

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

B) Consortiums and Self Insured Plans:

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done as of June 30, 2020. As of June 30, 2020, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of \$4,620,436. This total liability is calculated using a 2.00% discount rate. The District has a workers' compensation reserve balance of \$12,400,808. Claims activity is summarized below:

	<u>2020</u>	<u>2019</u>
Unpaid claims at the beginning of the year	\$6,028,325	\$4,506,307
Claims incurred and claim adjustment expenses	(900,511)	2,213,355
Claims paid	<u>(507,378)</u>	<u>(691,337)</u>
Unpaid claims at the end of the year	<u>\$4,620,436</u>	<u>\$6,028,325</u>

NOTE 17 – TERMINATION BENEFITS AND COMPENSATED ABSENCES PAYABLE:

Retirement Incentives:

The District offers a retirement incentive to certain administrators, nurses, and clerical employees outlined in their employment contract. Certain administrators who are not members of a bargaining unit having served at least 5 years employed by the District and are eligible for retirement in the New York State Teachers' Retirement System are entitled to a retirement incentive of 50% of their final year's salary. The service requirement for eligibility has been increased from 5 years to a minimum of 10 years in District for appointments made after July 1, 2013. Nurses and clerical employees eligible for retirement and enrolled in the Employees' Retirement System are entitled to a

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

retirement incentive of \$6,000. These sums are not included within the current value of incentive payments tied to vacation and sick leave earned. The projected liability for retirement incentives is \$528,878, the amount recorded as a long term-term liability on the Statement of Net Position.

Compensated Absences:

Certain administrators not represented by a bargaining unit may be eligible for payment for a portion of unused sick and vacation days upon retirement. The projected long-term liability at June 30, 2020 is \$793,721. Custodial and IT Systems employees may be eligible for payment of a portion of unused sick and vacation days upon retirement. The projected long-term liability at June 30, 2020 is \$1,186,954. Members of the supervisory and clerical bargaining units may be eligible to receive payment for unused vacation time upon separation from service. The projected long-term liability at June 30, 2020 is \$287,591 and \$269,246, respectively. The current value of total compensated absences earned at June 30, 2020 is \$2,537,512. The District has an employee benefits accrued liability reserve in the amount of \$1,765,506 to help pay these liabilities.

NOTE 18 – TAX ABATEMENTS:

The Town of Hempstead Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 905, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by \$109,584 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$109,584 for these programs during the fiscal year.

The District also received PILOT from the County related to the Long Island Power Authority. These PILOT are not considered tax abatements as the purpose of this agreement was not to abate taxes.

NOTE 19 –COMMITMENTS AND CONTINGENCIES:

A) Grants:

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

B) Litigation:

As of June 30, 2020, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C) Encumbrances:

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

General support	\$117,621
Instruction	599,363
Pupil transportation	13,047
Employee benefits	490
	\$730,521

NOTE 20 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that the following subsequent event has occurred that would require disclosure in the notes to financial statements:

- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic, due to the rapid increase in global exposure. The full impact of this pandemic is still evolving as of the date of this report; however, COVID-19 has interrupted District operations and financial performance. The future performance both operationally and financially will depend upon the duration and spread of the disease, the effect on students, employees, residents, and vendors, as well as federal and state funding, all of which are uncertain and cannot be estimated at this time.
- On August 13, 2020, the Division of the Budget (DOB) issued their “FY 2021 First Quarterly State Budget Financial Plan Update” which notes that the DOB approved payment at 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for Excess Cost and BOCES aid in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time this deferred aid is received.

SUPPLEMENTARY INFORMATION

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$94,478,076	\$96,600,837	\$96,758,949	\$158,112
Other real property tax items	11,855,808	9,733,047	9,588,019	(145,028)
Charges for services	1,569,200	1,569,200	2,263,551	694,351
Use of money & property	305,800	305,800	830,472	524,672
Miscellaneous	200,000	200,000	1,613,235	1,413,235
State Sources				
Basic formula	7,440,877	7,496,566	5,375,295	(2,121,271)
Lottery aid	1,640,000	1,640,000	2,332,556	692,556
Excess cost aid	1,600,000	1,600,000	1,565,874	(34,126)
BOCES aid	1,000,000	1,000,000	1,645,968	645,968
Textbook aid	281,350	214,893	289,503	74,610
Computer hardware & software aid	92,300	102,725	102,725	-
Library A/V loan program aid	26,400	26,743	26,743	-
Other state aid	150,000	150,000	190,418	40,418
Federal Sources	100,000	100,000	348,399	248,399
TOTAL REVENUES AND OTHER SOURCES	120,739,811	120,739,811	\$122,931,707	\$2,191,896
Appropriated fund balance	2,068,592	2,068,592		
Appropriated reserves	1,118,526	1,593,647		
TOTAL REVENUES, APPROPRIATED FUND BALANCE, AND RESERVES	\$123,926,929	\$124,402,050		

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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$131,734	\$144,934	\$118,187	\$780	\$25,967
Central administration	510,261	542,467	530,094		12,373
Finance	1,414,884	1,457,847	1,371,796	52,880	33,171
Staff	1,169,053	1,136,470	1,035,367	5,000	96,103
Central services	10,752,381	10,723,536	9,271,788	58,961	1,392,787
Special items	1,189,196	1,648,780	1,595,212		53,568
Total general support	15,167,509	15,654,034	13,922,444	117,621	1,613,969
Instructional					
Instruction, adm. & imp.	4,788,698	4,805,043	4,513,347		291,696
Teaching - regular school	34,208,535	33,962,025	32,444,291	15,223	1,502,511
Programs for children with handicapping conditions	16,422,569	16,422,029	14,444,945	102,121	1,874,963
Occupational education	417,317	411,317	322,268		89,049
Teaching special schools	485,966	478,734	345,722		133,012
Instructional media	5,008,938	4,885,156	4,037,796	481,951	365,409
Pupil services	6,996,106	7,327,359	6,804,754	68	522,537
Total instructional	68,328,129	68,291,663	62,913,123	599,363	4,779,177
Pupil transportation	7,682,210	7,635,210	5,557,716	13,047	2,064,447
Community services	740,540	740,540	680,095		60,445
Employee benefits	25,647,533	25,719,595	23,067,193	490	2,651,912
Debt service					
Debt service principal	3,413,181	3,413,181	3,413,181		-
Debt service interest	765,327	765,327	665,327		100,000
Total debt service	4,178,508	4,178,508	4,078,508	-	100,000
TOTAL EXPENDITURES	121,744,429	122,219,550	110,219,079	730,521	11,269,950
Other Financing Uses					
Transfers to other funds	2,182,500	2,182,500	2,182,500	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$123,926,929</u>	<u>\$124,402,050</u>	112,401,579	<u>\$730,521</u>	<u>\$11,269,950</u>
Net change in fund balances			10,530,128		
Fund balances - beginning of year			55,098,797		
Fund balances - end of year			<u>\$65,628,925</u>		

Budget Basis of Accounting

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$4,017,170	\$1,842,753	\$1,789,081
Interest	3,471,331	4,843,894	4,714,196
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	5,739,875	-	-
Benefit payments	<u>(2,831,157)</u>	<u>(2,800,790)</u>	<u>(2,794,424)</u>
Net change in total OPEB liability	10,397,219	3,885,857	3,708,853
Total OPEB liability - beginning	<u>143,683,236</u>	<u>139,797,379</u>	<u>136,088,526</u>
Total OPEB liability - ending	<u><u>\$154,080,455</u></u>	<u><u>\$143,683,236</u></u>	<u><u>\$139,797,379</u></u>
Covered-employee payroll	\$56,957,084	\$57,687,481	\$57,687,481
Total OPEB liability as a percentage of covered-employee payroll	270.52%	249.07%	242.34%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 2.44% as of June 30, 2020.

The discount rate was 3.50% as of June 30, 2019.

The discount rate was 3.50% as of June 30, 2018.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY)/ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, *

NYSERS Pension Plan							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0358998%	0.0364919%	0.0340386%	0.0342011%	0.0346443%	0.0326267%	0.0326267%
District's proportionate share of the net pension (liability)	(\$9,506,478)	(\$2,585,562)	(\$1,098,576)	(\$3,213,615)	(\$5,560,513)	(\$1,102,211)	(\$1,474,357)
District's covered payroll	\$12,703,711	\$12,294,231	\$12,075,506	\$11,854,441	\$11,145,452	\$10,944,944	\$10,513,597
District's proportionate share of the net pension liability as a percentage of its covered payroll	74.83%	21.03%	9.10%	27.11%	49.89%	10.07%	14.02%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
NYSTRS Pension Plan							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.286875%	0.286892%	0.281669%	0.281399%	0.278310%	0.276311%	0.278199%
District's proportionate share of the net pension (liability)/asset	\$7,453,033	\$5,187,769	\$2,140,965	(\$3,013,905)	\$28,907,577	\$30,779,295	\$1,831,257
District's covered payroll	\$48,928,438	\$47,631,850	\$45,329,603	\$43,454,191	\$42,103,796	\$40,954,526	\$40,941,443
District's proportionate share of the net pension liability as a percentage of its covered payroll	15.23%	10.89%	4.72%	6.94%	68.66%	75.15%	4.47%
Plan fiduciary net position as a percentage of the total pension	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30**

NYSERS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$1,733,798	\$1,767,879	\$1,740,707	\$1,653,095	\$1,897,088	\$1,874,591	\$1,830,678	\$1,907,139	\$1,627,608	\$1,298,690
Contributions in relation to the contractually required contribution	<u>1,733,798</u>	<u>1,767,879</u>	<u>1,740,707</u>	<u>1,653,095</u>	<u>1,897,088</u>	<u>1,874,591</u>	<u>1,830,678</u>	<u>1,907,139</u>	<u>1,627,608</u>	<u>1,298,690</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$12,624,570	\$12,365,093	\$12,115,008	\$11,960,696	\$10,996,002	\$10,944,944	\$10,513,597	\$10,375,753	\$10,216,250	\$10,766,216
Contributions as a percentage of covered payroll	13.73%	14.30%	14.37%	13.82%	17.25%	17.13%	17.41%	18.38%	15.93%	12.06%
NYSTRS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$4,291,533	\$5,085,292	\$4,563,687	\$5,231,254	\$5,743,878	\$7,328,591	\$6,632,502	\$4,824,820	\$4,569,529	\$3,479,199
Contributions in relation to the contractually required contribution	<u>4,291,533</u>	<u>5,085,292</u>	<u>4,563,687</u>	<u>5,231,254</u>	<u>5,743,878</u>	<u>7,328,591</u>	<u>6,632,502</u>	<u>4,824,820</u>	<u>4,569,529</u>	<u>3,479,199</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$49,660,368	\$48,928,438	\$47,631,850	\$45,329,603	\$43,454,191	\$42,103,796	\$40,954,526	\$40,941,443	\$41,160,135	\$40,362,720
Contributions as a percentage of covered payroll	8.64%	10.39%	9.58%	11.54%	13.22%	17.41%	16.19%	11.78%	11.10%	8.62%

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$123,318,721
Add: Prior year's encumbrances		<u>608,208</u>
Original Budget		<u>123,926,929</u>
Budget Revisions:		
Appropriation of unemployment reserve	\$64,684	
Appropriation of workers' compensation reserve	7,378	
Appropriation of liability reserve	<u>403,059</u>	<u>475,121</u>
Total Budget Revisions		
Final Budget		<u><u>\$124,402,050</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	<u><u>\$126,882,632</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$5,075,305</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	2,799,113
Unassigned fund balance	<u>4,821,539</u>
Total unrestricted fund balance	<u>7,620,652</u>
Less:	
Appropriated fund balance	2,068,592
Encumbrances included in assigned fund balance	<u>730,521</u>
Total adjustments	<u>2,799,113</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$4,821,539</u></u>
Actual percentage of 2020-2021 budget	<u><u>3.80%</u></u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2020

Project Title	Revised Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
		Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Ogden Renv 3013-313	\$4,765,813	\$4,754,804		\$4,754,804	\$11,009	\$568,329	\$489,000	\$3,709,027	\$4,766,356	\$11,552
HHS Elevator/Windows 6024-331	375,181	268,091		268,091	107,090			476,134	476,134	208,043
HES Cupola/Gutters 2013-332	1,291,459	21,475	\$48,030	69,505	1,221,954			1,291,459	1,291,459	1,221,954
WEC Cupola/Gutters	100,000			-	100,000			100,000	100,000	100,000
HHS Roof Replacement	997,680	1,246,955	(9,978)	1,236,977	(239,297)			997,680	997,680	(239,297)
HHS IT Generator	30,000			-	30,000			30,000	30,000	30,000
District Alarm System	130,000	37,416	39,400	76,816	53,184			130,000	130,000	53,184
Ogden Asphalt	726,000	14,700		14,700	711,300			726,000	726,000	711,300
FECC Cupola & Gutter Repair	1,315,000			-	1,315,000			1,267,281	1,267,281	1,267,281
FECC Repointing & Masonry	883,132	8,263		8,263	874,869			883,132	883,132	874,869
HES Repointing & Masonry	639,000			-	639,000			639,000	639,000	639,000
OES Repointing & Masonry	425,000	10,170		10,170	414,830			425,000	425,000	414,830
HHS Sci Lab Gas Lines	125,000			-	125,000			125,000	125,000	125,000
FECC HVAC Upgrades (2015-16)	6,852,176	4,378,107	1,639,355	6,017,462	834,714			6,852,176	6,852,176	834,714
HES HVAC Upgrades (2015-16)	5,000,000	3,059,997	262,365	3,322,362	1,677,638			5,000,000	5,000,000	1,677,638
FECC Window Relacement	189,000			-	189,000			189,000	189,000	189,000
WMS New Storage Blding	636,000	4,025		4,025	631,975			636,000	636,000	631,975
WMS Asphalt Repairs	878,313			-	878,313			878,313	878,313	878,313
HHS Window Replacement	6,189,000		176,747	176,747	6,012,253			6,189,000	6,189,000	6,012,253
HHS Asphalt Repairs	126,000			-	126,000			126,000	126,000	126,000
WEC Window, Asphalt, Ext Lt	191,520			-	191,520			191,520	191,520	191,520
FECC Bathroom Renovation	353,325			-	353,325			353,325	353,325	353,325
HHS Multi-Phase HVAC Project	10,500,000	297,331	91,170	388,501	10,111,499			10,500,000	10,500,000	10,111,499
WMS Field/Pking Lot/sitework/bathroom	2,025,000	31,985	283,948	315,933	1,709,067			2,025,000	2,025,000	1,709,067
OES Media Center	970,000	746,190	208,182	954,372	15,628			970,000	970,000	15,628
HES Window/Roof/Waterproof	4,300,000	149,131	3,429,903	3,579,034	720,966			4,300,000	4,300,000	720,966
FECC Windows	348,121	321,020	3,534	324,554	23,567			348,121	348,121	23,567
WEC Complete Windows	949,730	665,480	36,569	702,049	247,681			650,000	650,000	(52,049)
HES Technology Wiring	500,000			-	500,000			500,000	500,000	500,000
OES Technology Wiring	1,500,000			-	1,500,000			1,500,000	1,500,000	1,500,000
FECC Playground	453,558	373,101	69,918	443,019	10,539			453,558	453,558	10,539
HES Playground	446,912	348,489	77,912	426,401	20,511			446,912	446,912	20,511
OES Playscape	484,798	287,674	130,916	418,590	66,208			484,798	484,798	66,208
District Tech Upgrade	1,290,733	875,671	166,290	1,041,961	248,772			1,290,733	1,290,733	248,772
WMS Repoint & Masonry	325,000			-	325,000			325,000	325,000	325,000
WEC Repointing & Masonry	575,000	16,157	184,249	200,406	374,594			575,000	575,000	374,594
HES Pool System Repairs	600,000			-	600,000			600,000	600,000	600,000
District Wide Gym Floor	38,290			-	38,290			38,290	38,290	38,290
WMS/FECC/HHS Elevator Cards	60,000			-	60,000			60,000	60,000	60,000
Dist Wide Fence Replacement	100,000	26,219		26,219	73,781			100,000	100,000	73,781
Dist Wide Carpet/ Floor Tile	100,000			-	100,000			100,000	100,000	100,000
Dist Wide Sitework/Pavement	100,000			-	100,000			100,000	100,000	100,000
Dist Wide Blueprint Digit	60,000			-	60,000			60,000	60,000	60,000
HHS Security Vestibule	133,565	1,472	117,121	118,593	14,972			133,565	133,565	14,972
HHS Pool Renovation	255,505			-	255,505			130,647	130,647	130,647
WEC Pking Lot/Sitework	120,108			-	120,108			120,108	120,108	120,108
HES Slate Roof	2,000,000		67,531	67,531	1,932,469	124,858		2,000,000	2,124,858	2,057,327
TOTAL	\$60,454,919	\$17,943,923	\$7,023,162	\$24,967,085	\$35,487,834	\$693,187	\$489,000	\$59,026,779	\$60,208,966	\$35,241,881

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020**

Capital assets, net		\$81,501,955
Add:		
Deferred charges on refunding		338,750
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$3,645,391	
Long-term portion of bonds payable (inclusive of unamortized premiums)	7,882,190	
Short-term portion of energy performance contract debt	395,709	
Long-term portion of energy performance contract debt	1,233,769	
Less: Unspent bond proceeds	<u>(124,858)</u>	<u>13,032,201</u>
Net investment in capital assets		<u><u>\$68,808,504</u></u>

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

To the Board of Education
Hewlett-Woodmere Union Free School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Hewlett-Woodmere Union Free School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Hewlett-Woodmere Union Free School District's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hewlett-Woodmere Union Free School District's internal control over financial reporting (internal control) as a basis for designing 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 Hewlett-Woodmere Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hewlett-Woodmere Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

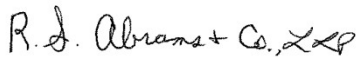
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Hewlett-Woodmere Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020