

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), the schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 15 and 61 through 65, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 6, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 6, 2022

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022. 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 2022 are as follows:

- The District maintained an unassigned fund balance in the general fund of 4.00%, which is the 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, 2022.
- On the District-Wide Financial Statements, revenues increased by \$5,215,242 or 4.09%. The increase was primarily in real property taxes and other tax items, charges for services, operating grants and contributions, and state sources, partially offset by decreases in capital grants and contributions and other miscellaneous revenues. On the District-Wide Financial Statements, expenses decreased by \$22,812,367 or 17.04%, primarily due to decreases in general support and instruction.
- The District's total net position, as reflected in the District-Wide Financial Statements, increased by \$21,703,252.
- On the Fund Financial Statements, the District's fund balance in the general fund increased by \$7,120,371, due to revenues and other financing sources exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- On May 17, 2022, the proposed 2022-23 budget in the amount of \$130,586,214 was authorized by the District's residents.
- The District adopted GASB Statement No. 87, *Leases*, in July of 2021, which resulted in the restatement of beginning balances in non-current assets, long-term liabilities, and deferred inflows of resources. See Note 20 to the financial statements for additional information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

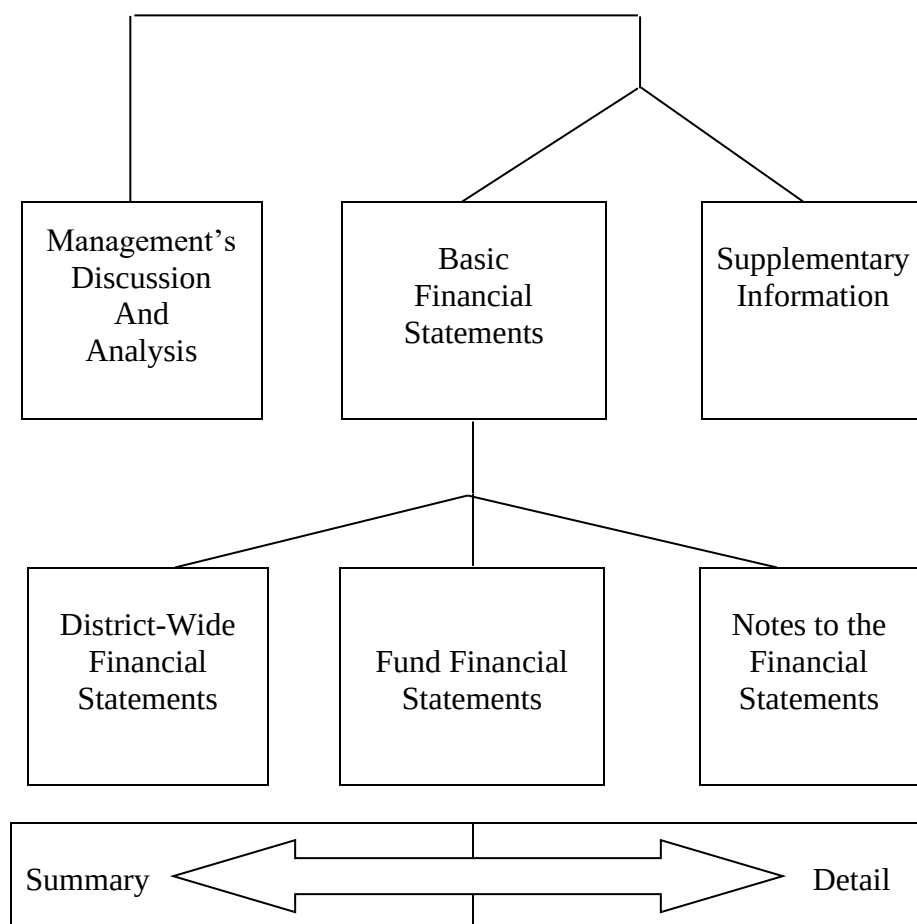
This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial 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. The following table 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, 2022**

The following table summarizes the major features of the District's basic 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 property taxes collected on behalf of another local government
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 or intangible lease assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) short-term and long-term; these funds do not currently contain capital or intangible lease assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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 and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, build, or finance 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 and amortization are not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease 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 and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets and amortize intangible lease assets, and allocate the depreciation and amortization 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; and

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- *Unrestricted net position* includes net amounts that do not meet any of the above restrictions.

B) Fund Financial Statements

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

The District has 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 Financial 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 Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue 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 fund:* The District is the trustee or *fiduciary* for assets that belong to others. 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. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

Non-current assets, long-term liabilities, and deferred inflows of resources for 2021 have been restated to reflect the implementation of GASB Statement No. 87, *Leases*. See Note 20 to the financial statements for further information.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	As Restated 2021	As Reported 2021	Increase (Decrease)
Non-current assets	\$ 90,763,627	\$ 90,434,082	\$ 329,545
Long-term liabilities	199,614,603	199,355,316	259,287
Deferred inflows of resources	14,896,458	14,826,200	70,258

The District's overall net position increased by \$21,703,252 in the fiscal year ended June 30, 2022 as detailed below.

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2022	As Restated Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Current and other assets	\$115,579,675	\$112,160,974	\$3,418,701	3.05%
Non-current assets	95,929,279	90,763,627	5,165,652	5.69%
Net pension asset-proportionate share	53,699,891		53,699,891	N/A
Total Assets	<u>265,208,845</u>	<u>202,924,601</u>	<u>62,284,244</u>	30.69%
Deferred outflows of resources	<u>47,988,896</u>	<u>50,795,458</u>	<u>(2,806,562)</u>	-5.53%
Total assets and deferred outflows of resources	<u>313,197,741</u>	<u>253,720,059</u>	<u>59,477,682</u>	23.44%
Other liabilities	11,901,419	12,171,166	(269,747)	-2.22%
Long-term liabilities	126,435,095	199,614,603	(73,179,508)	-36.66%
Total Liabilities	<u>138,336,514</u>	<u>211,785,769</u>	<u>(73,449,255)</u>	-34.68%
Deferred inflows of resources	<u>126,120,143</u>	<u>14,896,458</u>	<u>111,223,685</u>	746.65%
Total liabilities and deferred inflows of resources	<u>264,456,657</u>	<u>226,682,227</u>	<u>37,774,430</u>	16.66%
Net Position				
Net investment in capital assets	89,191,756	81,674,385	7,517,371	9.20%
Restricted	80,313,286	88,439,644	(8,126,358)	-9.19%
Unrestricted (deficit)	<u>(120,763,958)</u>	<u>(143,076,197)</u>	<u>22,312,239</u>	-15.59%
Total Net Position	<u>\$48,741,084</u>	<u>\$27,037,832</u>	<u>\$21,703,252</u>	80.27%

Current and other assets increased \$3,418,701 from 2021 to 2022. This was attributable to increases in cash and cash equivalents and due from other governments, partially offset by a decrease in taxes receivable.

Non-current assets increased by \$5,165,652 from 2021 to 2022. This was due to current year's additions and capital outlay exceeding depreciation and amortization.

The net pension asset – proportionate share - teachers' retirement system and the net pension asset – proportionate share - employees' retirement system resulted in a total net pension asset of \$53,699,891, as a result of the actuarial valuations provided by the state.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The change in deferred outflows represents amortization of deferred charges on refunding, pension and OPEB related items, as discussed in Notes 12, 13 and 15.

Other liabilities decreased by \$269,747 from 2021 to 2022. This is primarily attributable to decreases in accounts payable and due to employees' retirement system, partially offset by increases in accrued liabilities, due to other governments, due to teachers' retirement system, and collections in advance.

Long-term liabilities decreased by \$73,179,508 from 2021 to 2022. This is primarily due to changes in actuarial valuations for pensions and a decrease in the total other post-employment benefits obligation. The change in deferred inflows represents amortization of pension and OPEB related items, as discussed in Notes 13 and 15.

Net investment in capital assets, relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of remaining future lease payments remaining on the lease term) 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 \$7,517,371, primarily due to a reduction in bonds payable and energy performance contract debt payable, and current year additions and capital outlay, partially offset by current year amortization, depreciation and loss on disposals.

The restricted net position at June 30, 2022 of \$80,313,286 relates to the District's reserves and restricted amounts for debt service, capital projects, and scholarships and donations. Restricted net position decreased by \$8,126,358 from 2021 to 2022.

The unrestricted net deficit at June 30, 2022 of \$120,763,958 relates to the balance of the District's net position. The unrestricted net deficit decreased by \$22,312,239.

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 fiscal years ended June 30, 2022 and 2021 are as follows:

Change in Net Position from Operating Results

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$2,089,071	\$1,502,822	\$586,249	39.01%
Operating grants and contributions	4,335,352	3,480,612	854,740	24.56%
Capital grants and contributions	72,188	320,829	(248,641)	-77.50%
General Revenues				
Real property taxes and other tax items	110,915,832	109,410,238	1,505,594	1.38%
Use of money and property	259,163	348,539	(89,376)	-25.64%
State sources	13,782,631	10,864,591	2,918,040	26.86%
Other	1,324,089	1,635,453	(311,364)	-19.04%
Total Revenues	<u>132,778,326</u>	<u>127,563,084</u>	<u>5,215,242</u>	4.09%
Expenses				
General support	16,637,879	20,074,596	(3,436,717)	-17.12%
Instruction	84,851,368	105,261,960	(20,410,592)	-19.39%
Pupil transportation	7,546,523	6,896,659	649,864	9.42%
Community service	629,774	326,527	303,247	92.87%
Debt service - interest	117,022	148,058	(31,036)	-20.96%
Food service program	1,292,508	1,179,641	112,867	9.57%
Total Expenses	<u>111,075,074</u>	<u>133,887,441</u>	<u>(22,812,367)</u>	-17.04%
Change in Net Position	<u>\$21,703,252</u>	<u>(\$6,324,357)</u>	<u>\$28,027,609</u>	-443.17%

Information for 2021 was not restated because the information necessary was not readily available. The cumulative effect of applying the change in accounting principle is shown as an adjustment to the beginning net position. See Note 20 for more information.

The District's fiscal year 2022 revenues totaled \$132,778,326. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 83.53% and 10.38%, respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions, capital grants and contributions, use of money and property, and other miscellaneous sources.

The cost of all programs and services totaled \$111,075,074 for fiscal year 2022. These expenses are predominantly related to general instruction, caring for (pupil services) and transporting students, which account for 83.18% of District expenses. The District's general support activities accounted for 14.98% of total costs.

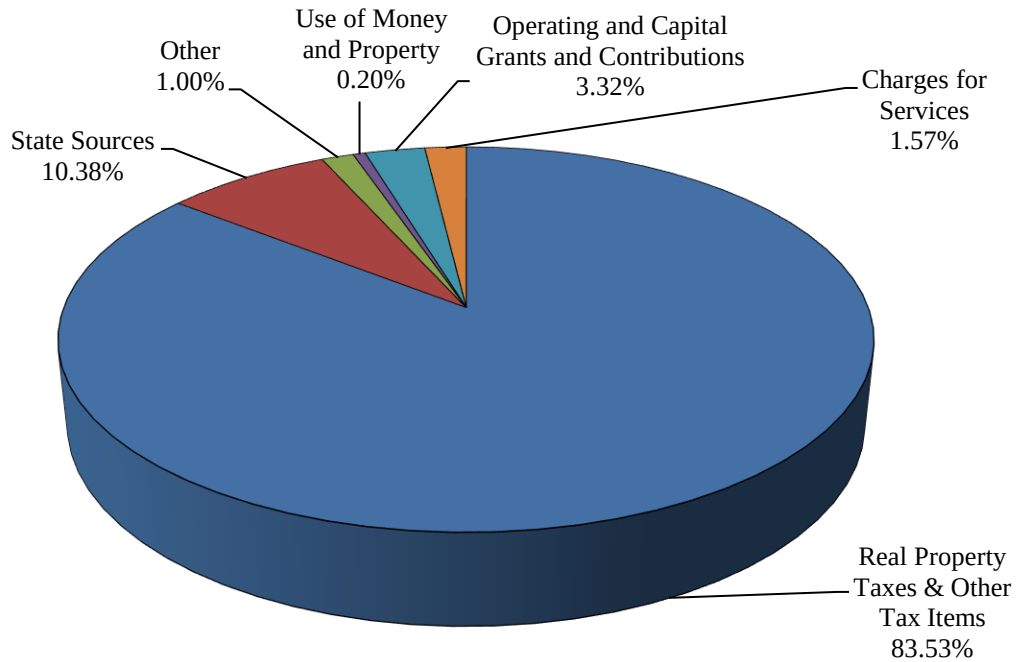
Users of the District's programs financed \$2,089,071 of the cost, reflecting an increase of \$586,249.

Federal and state governments along with outside donors subsidized certain programs with operating grants and contributions and capital grants and contributions of \$4,407,540, reflecting an increase of \$606,099.

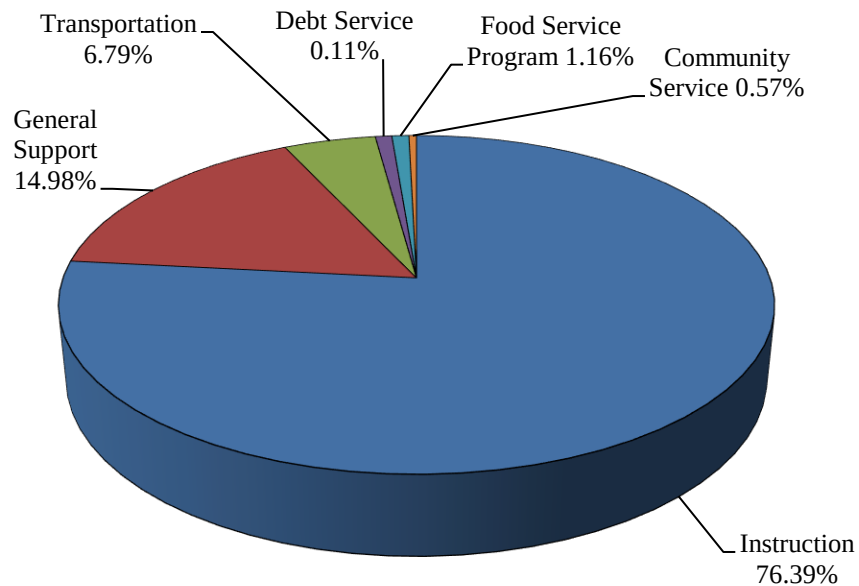
**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Most of the District's net costs of \$104,578,463 were financed by real property taxes and other tax items, and state sources, which accounted for 93.91% of total revenues.

Revenues for Fiscal Year 2022



Expenses for Fiscal Year 2022



**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022, the District's combined governmental funds reported a total fund balance of \$103,040,143. See table on the following page for more information.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$11,541,552	\$11,994,704	(\$453,152)	-3.78%
Restricted for unemployment insurance	3,037,128	3,034,061	3,067	0.10%
Restricted for retirement contribution - ERS	21,344,644	21,323,090	21,554	0.10%
Restricted for retirement contribution - TRS	4,029,093	3,035,116	993,977	32.75%
Restricted for property loss	1,447,583	1,446,121	1,462	0.10%
Restricted for liability	2,370,325	2,366,932	3,393	0.14%
Restricted for employee benefit accrued liability	1,407,331	1,551,063	(143,732)	-9.27%
Restricted for capital	18,743,907	11,864,966	6,878,941	57.98%
Restricted for repair	8,916,854	8,058,709	858,145	10.65%
Assigned - general support	559,125	124,982	434,143	347.36%
Assigned - instruction	880,231	64,445	815,786	1265.86%
Assigned - pupil transportation	30,224		30,224	N/A
Assigned - community services	1,893	2,451	(558)	-22.77%
Assigned - employee benefits	53,105	46,975	6,130	13.05%
Assigned - designated for subsequent year's expenditures		2,378,131	(2,378,131)	-100.00%
Unassigned	5,223,449	5,174,327	49,122	0.95%
Total Fund Balance - General Fund	79,586,444	72,466,073	7,120,371	9.83%
School Lunch Fund				
Nonspendable	47,754	31,485	16,269	51.67%
Assigned	332,612	100,225	232,387	231.87%
Total Fund Balance - School Lunch Fund	380,366	131,710	248,656	188.79%
Miscellaneous Special Revenue Fund				
Restricted - Scholarships and donations	535,119	558,423	(23,304)	-4.17%
Assigned unappropriated	205,837	185,724	20,113	10.83%
Total Fund Balance - Miscellaneous Special Revenue Fund	740,956	744,147	(3,191)	-0.43%
Capital Projects Fund				
Restricted				
Capital	5,805,595	22,075,240	(16,269,645)	-73.70%
Unspent bond proceeds	124,858	124,858	-	0.00%
Assigned	15,267,769	2,445,096	12,822,673	524.42%
Total Fund Balance - Capital Projects Fund	21,198,222	24,645,194	(3,446,972)	-13.99%
Debt Service Fund				
Restricted	1,134,155	1,131,219	2,936	0.26%
Total Fund Balance - Debt Service Fund	1,134,155	1,131,219	2,936	0.26%
Total Fund Balance	\$103,040,143	\$99,118,343	\$3,921,800	3.96%

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 a decrease in encumbrances as of June 30, 2022.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

A) General Fund:

Fund balance in the general fund increased \$7,120,371 from the prior year. Revenues and other financing sources increased \$4,289,590 or 3.45% compared to the prior year, primarily due to increases in real property taxes and state sources, partially offset by decreases in other tax items and miscellaneous revenues.

Expenditures and other financing uses increased by \$4,006,367 or 3.41% compared to the prior year, primarily due to increases in and pupil transportation and employee benefits, partially offset by decreases in general support, instruction, and debt service.

B) School Lunch Fund:

The increase in fund balance in the school lunch fund is due to the operating results of the program in addition to an interfund transfer from general fund in the amount of \$23,500.

C) Miscellaneous Special Revenue Fund:

Fund balance in the miscellaneous special revenue fund decreased by \$3,191. This decrease is due to a reduction in the balance for scholarships and donations, partially offset by an increase in the balance for extraclassroom activities.

D) Capital Projects Fund:

The decrease in fund balance in the capital projects fund is a result of the current year's capital outlay of \$9,767,443, partially offset by the \$4,000,000 budgetary interfund transfer from the general fund, the \$2,000,000 interfund transfer from general fund for the voter approved use of the capital reserve, and state sources of \$320,471.

D) Debt Service Fund:

Fund balance in the debt service fund increased by \$2,936. This increase was the result of the current year's interest earnings of \$2,936.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2021-22 Budget

The District's general fund adopted budget for the fiscal year ended June 30, 2022 was \$129,358,256. This amount was increased by encumbrances carried forward from the prior year in the amount of \$238,853 and budget revisions of \$2,299,000, which resulted in a final budget of \$131,896,109. The majority of the funding was provided by real property taxes and other tax items revenue budget of \$111,021,325.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 5,174,327
Revenues over budget	2,697,765
Expenditures and encumbrances under budget	8,995,564
Interest allocated to reserves	(54,747)
Funding to reserves	(11,018,483)
Use of reserves	145,300
Unused appropriated reserves	(716,277)
Closing, unassigned fund balance	<u>\$ 5,223,449</u>

The opening unassigned fund balance of \$5,174,327 is the June 30, 2021 unassigned fund balance.

The revenues over budget of \$2,697,765 were primarily from real property taxes, charges for services, miscellaneous revenues, and state sources.

The expenditures and encumbrances under budget of \$8,995,564 reflect savings across the budget, but primarily with lower than anticipated expenses for general support of \$1,197,717, instructional of \$4,836,881, and employee benefits of \$2,169,609.

The District allocated interest to the reserves in the amount of \$54,747 to the following reserves: \$12,124 to the workers' compensation reserve, \$3,067 to the unemployment insurance reserve, \$21,554 to the ERS retirement contribution reserve, \$3,068 to the TRS retirement contribution reserve, \$1,462 to the property loss reserve, \$2,392 to the liability reserve, \$1,568 to the employee benefit accrued liability reserve, \$1,366 to the capital reserve, and \$8,146 to the repair reserve.

The District funded the reserves in the amount of \$11,018,483 to the following reserves: TRS retirement contribution reserve of \$990,909, liability reserve of \$300,000, repair reserves of \$850,000 and capital reserve of \$8,877,574.

The District utilized the employee benefit accrued liability reserve in the amount of \$145,300.

The District recorded budget revisions for the following reserve usages: \$299,000 from the liability reserve, and \$2,000,000 from the capital reserve. These budget revisions resulted in no net effect to ending unassigned fund balance.

The District had budgeted for appropriated use of reserves in the amount of \$1,181,552, of which \$716,277 was not utilized and therefore was transferred back to the respective reserves.

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The closing, unassigned fund balance of \$5,223,449 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 2022-2023 budget. The District was in compliance with this limit.

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS AND DEBT ADMINISTRATION

A) Capital Assets and Intangible Lease Assets:

The District paid for equipment and various building additions and renovations during the fiscal year 2021-2022. A summary of the District's capital assets, net of depreciation and intangible lease assets, net of amortization are as follows:

Category	Fiscal Year 2022	As Restated Fiscal Year 2021	Increase (Decrease)	Percentage Change
Land	\$5,159,600	\$5,159,600	\$ -	0.00%
Construction in progress	30,472,458	30,971,749	(499,291)	-1.61%
Buildings & improvements	110,178,767	99,912,033	10,266,734	10.28%
Furniture & equipment	6,953,034	6,797,005	156,029	2.30%
Land improvements	4,246,701	4,246,701	0	0.00%
Vehicles	987,177	898,688	88,489	9.85%
Subtotal	157,997,737	147,985,776	10,011,961	6.77%
Less: accumulated depreciation	62,291,815	57,551,694	4,740,121	8.24%
Total net capital assets, net	\$95,705,922	\$90,434,082	\$5,271,840	5.83%
Intangible Lease Assets, net	\$170,389	\$ 259,287	(\$88,898)	-34.29%

Depreciation expense and loss on disposals was \$4,748,184 and amortization expense was \$88,898 for the fiscal year ended June 30, 2022. See Note 9 to the financial statements for additional detail.

B) Long-Term Debt

At June 30, 2022, the District had total debt payable, including lease liability, bonds payable (inclusive of unamortized premiums) and energy performance contract debt payable of \$6,964,016. The decrease in long-term debt represents principal payments and amortization expense. More detailed information about the District's long-term debt is presented in the Note 11 to the financial statements.

A summary of outstanding debt at June 30, 2022 and 2021 is as follows:

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	2022	2021	Increase (Decrease)
Lease liability	\$170,602	\$259,287	(\$88,685)
Bonds payable (inclusive of unamortized premiums)	5,955,500	7,882,190	(1,926,690)
Energy performance contract debt	837,914	1,241,297	(403,383)
	<u>\$6,964,016</u>	<u>\$9,382,774</u>	<u>(\$2,418,758)</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- The general fund budget for the 2022-23 school year, in the amount of \$130,586,214, was approved by voters. This is an increase of \$1,227,958 or 0.95% over the previous year's budget, which is primarily due to increases in instruction, employee benefits, and interfund transfers.
- The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

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
Assistant Superintendent for Finance and Personnel
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, 2022

Exhibit 2

ASSETS

Current assets

Cash and cash equivalents	
Unrestricted	\$24,231,285
Restricted	80,438,144
Receivables	
State and federal aid	2,365,356
Taxes receivable	3,162,374
Due from other governments	5,322,402
Other	12,360
Inventories	47,754

Non-current assets

Receivable within one year	
Lease receivable	12,747
Receivable after one year	
Lease receivable	40,221
Capital assets	
Capital assets not being depreciated	35,632,058
Capital assets being depreciated, net of accumulated depreciation	60,073,864
Intangible lease asset, net of accumulated amortization	170,389
Net pension asset - proportionate share - employees' retirement system	3,115,724
Net pension asset - proportionate share - teachers' retirement system	50,584,167

TOTAL ASSETS

\$265,208,845

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding	154,603
Total other post-employment benefits obligation	12,590,515
Pensions	35,243,778

TOTAL DEFERRED OUTFLOWS OF RESOURCES

47,988,896

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

313,197,741

LIABILITIES

Payables

Accounts payable	2,534,684
Accrued liabilities	929,409
Accrued interest payable	48,547
Due to other governments	1,948,721
Due to teachers' retirement system	5,406,386
Due to employees' retirement system	369,526

Unearned credits

Collections in advance	664,146
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Long-term liabilities

Due and payable within one year	
Lease liability	88,907
Bonds payable (inclusive of unamortized premiums)	2,001,690
Energy performance contract debt payable	411,206
Compensated absences payable	181,046
Termination benefits payable	18,000
Due and payable after one year	
Lease liability	81,695
Bonds payable (inclusive of unamortized premiums)	3,953,810
Energy performance contract debt payable	426,708
Compensated absences payable	2,370,333
Termination benefits payable	473,661
Claims payable	6,632,575
Total other post-employment benefits obligation	109,795,464

TOTAL LIABILITIES

138,336,514

DEFERRED INFLOWS OF RESOURCES

Leases	52,968
Pensions	67,179,720
Total other post-employment benefits obligation	58,887,455

TOTAL DEFERRED INFLOWS OF RESOURCES

126,120,143

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

264,456,657

NET POSITION

Net investment in capital assets

89,191,756

Restricted:

Workers' compensation	11,541,552
Unemployment insurance	3,037,128
Retirement contributions - ERS	21,344,644
Retirement contributions - TRS	4,029,093
Property loss	1,447,583
Liability	2,370,325
Employee benefit accrued liability	1,407,331
Capital	24,549,502
Repair	8,916,854
Debt service	1,134,155
Scholarships and donations	535,119

80,313,286

Unrestricted

(120,763,958)

TOTAL NET POSITION

\$48,741,084

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS / PROGRAMS					
General support	(\$16,637,879)				(\$16,637,879)
Instruction	(84,851,368)	\$1,928,466	\$3,004,413	\$72,188	(79,846,301)
Pupil transportation	(7,546,523)				(7,546,523)
Community services	(629,774)				(629,774)
Debt service-interest	(117,022)				(117,022)
Food service program	(1,292,508)	160,605	1,330,939		199,036
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$111,075,074)</u>	<u>\$2,089,071</u>	<u>\$4,335,352</u>	<u>\$72,188</u>	<u>(104,578,463)</u>
GENERAL REVENUES					
Real property taxes					102,794,137
Other tax items - including STAR reimbursement					8,121,695
Use of money & property					259,163
Miscellaneous					1,188,280
State sources					13,782,631
Medicaid reimbursement					135,809
TOTAL GENERAL REVENUES					<u>126,281,715</u>
CHANGE IN NET POSITION					21,703,252
TOTAL NET POSITION - BEGINNING OF YEAR					<u>27,037,832</u>
TOTAL NET POSITION - END OF YEAR					<u><u>\$48,741,084</u></u>

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$22,973,404	\$753,429	\$504,452				\$24,231,285
Restricted	75,246,867			\$445,008	\$3,742,807	\$1,003,462	80,438,144
Receivables							
State and federal aid	564,685	1,481,055	247,428		72,188		2,365,356
Due from other governments	5,322,402						5,322,402
Due from other funds	4,862,805	2,413,724		305,579	17,646,530	130,693	25,359,331
Accounts receivable			12,360				12,360
Taxes receivable	3,162,374						3,162,374
Lease Receivable	52,968						52,968
Inventories			47,754				47,754
TOTAL ASSETS	<u>\$112,185,505</u>	<u>\$4,648,208</u>	<u>\$811,994</u>	<u>\$750,587</u>	<u>\$21,461,525</u>	<u>\$1,134,155</u>	<u>\$140,991,974</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Payables							
Accounts payable	\$2,397,020	\$73,195	\$4,047		\$60,422		\$2,534,684
Accrued liabilities	903,097	12,896	6,536	\$6,880			929,409
Due to other governments	1,948,721						1,948,721
Do to other funds	20,356,688	4,560,525	308,674	2,751	130,693		25,359,331
Due to teachers' retirement system	5,406,386						5,406,386
Due to employees' retirement system	356,007		13,519				369,526
Unearned credits							
Collections in advance	563,702	1,592	98,852				664,146
TOTAL LIABILITIES	<u>31,931,621</u>	<u>4,648,208</u>	<u>431,628</u>	<u>9,631</u>	<u>191,115</u>	<u>-</u>	<u>37,212,203</u>
DEFERRED INFLOWS OF RESOURCES							
Smart Schools Bond Act aid					72,188		72,188
Tuition	614,472						614,472
Leases	52,968						52,968
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>667,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,188</u>	<u>-</u>	<u>739,628</u>
FUND BALANCES							
Non-spendable: Inventory			47,754				47,754
Restricted:							
Workers' compensation	11,541,552						11,541,552
Unemployment insurance	3,037,128						3,037,128
Retirement contribution - ERS	21,344,644						21,344,644
Retirement contribution - TRS	4,029,093						4,029,093
Property loss	1,447,583						1,447,583
Liability	2,370,325						2,370,325
Employee benefit accrued liability	1,407,331						1,407,331
Capital	18,743,907				5,805,595		24,549,502
Repair	8,916,854						8,916,854
Scholarships and donations				535,119			535,119
Unspent bond proceeds					124,858		124,858
Debt service						\$1,134,155	1,134,155
Assigned:							
Unappropriated	1,524,578		332,612	205,837	15,267,769		17,330,796
Unassigned	5,223,449						5,223,449
TOTAL FUND BALANCES	<u>79,586,444</u>	<u>-</u>	<u>380,366</u>	<u>740,956</u>	<u>21,198,222</u>	<u>1,134,155</u>	<u>103,040,143</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$112,185,505</u>	<u>\$4,648,208</u>	<u>\$811,994</u>	<u>\$750,587</u>	<u>\$21,461,525</u>	<u>\$1,134,155</u>	<u>\$140,991,974</u>

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Governmental Fund Balances \$103,040,143

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	\$157,997,737	
Accumulated depreciation	(62,291,815)	95,705,922

The present value cost of leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible leased capital assets among the assets of the District as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Cost of leased assets	\$259,287	
Accumulated amortization	(88,898)	170,389

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 and total other post-employment benefits obligation that will be recognized as a reduction in pension expense in future periods amounted to:

Pensions	(\$67,179,720)	
Total other post-employment benefits obligation	(58,887,455)	(126,067,175)

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 total other post-employment benefits obligation that will be recognized as expenditures in future periods amounted to:

Pensions	\$35,243,778	
Total other post-employment benefits obligation	12,590,515	47,834,293

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.

154,603

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.

686,660

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 each pension system was:

Net pension asset - proportionate share - employees' retirement system	\$3,115,724	
Net pension asset - proportionate share - teachers' retirement system	50,584,167	53,699,891

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		(48,547)
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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:

Lease liability	(\$170,602)	
Bonds payable (inclusive of unamortized premiums)	(5,955,500)	
Energy performance contract debt payable	(837,914)	
Compensated absences payable	(2,551,379)	
Termination benefits payable	(491,661)	
Claims payable	(6,632,575)	
Total other post-employment benefits obligation	(109,795,464)	(126,435,095)

Total Net Position		<u>\$48,741,084</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, 2022

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$102,794,137						\$102,794,137
Other tax items - including STAR reimbursement	8,121,695						8,121,695
Charges for services	1,749,688			\$178,778			1,928,466
Use of money and property	255,992		\$126	109		\$2,936	259,163
Miscellaneous	1,119,235		25,727	43,318			1,188,280
State sources	13,782,989	\$823,595	18,951		\$320,471		14,946,006
Federal sources	158,279	2,158,348	1,221,589				3,538,216
Surplus food			90,399				90,399
Sales			160,605				160,605
TOTAL REVENUES	127,982,015	2,981,943	1,517,397	222,205	320,471	2,936	133,026,967
EXPENDITURES							
General support	14,447,093						14,447,093
Instruction	65,406,137	2,571,583		225,396			68,203,116
Pupil transportation	7,486,326						7,486,326
Community service	527,113						527,113
Employee benefits	24,915,095						24,915,095
Debt service - principal	2,132,068						2,132,068
Debt service - interest	334,672						334,672
Cost of sales			1,292,241				1,292,241
Capital outlay					\$9,767,443		9,767,443
TOTAL EXPENDITURES	115,248,504	2,571,583	1,292,241	225,396	9,767,443	-	129,105,167
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,733,511	410,360	225,156	(3,191)	(9,446,972)	2,936	3,921,800
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in	514,323	103,963	23,500		6,000,000		6,641,786
Operating transfers (out)	(6,127,463)	(514,323)					(6,641,786)
TOTAL OTHER FINANCING SOURCES (USES)	(5,613,140)	(410,360)	23,500	-	6,000,000	-	-
NET CHANGE IN FUND BALANCES	7,120,371	-	248,656	(3,191)	(3,446,972)	2,936	3,921,800
FUND BALANCES - BEGINNING OF YEAR	72,466,073	-	131,710	744,147	24,645,194	1,131,219	99,118,343
FUND BALANCES - END OF YEAR	\$79,586,444	\$ -	\$380,366	\$740,956	\$21,198,222	\$1,134,155	\$103,040,143

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, 2022

Net Change in Fund Balances	\$3,921,800
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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.	65,230
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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.	(248,641)
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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, 2021 to June 30, 2022 changed by:	388,313
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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.	1,640,000
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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.	403,383
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Repayment of lease liability 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.	88,685
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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, 2022 was

Bond premiums	\$286,690	
Deferred charges - bond refundings	(84,329)	202,361

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, 2021 to June 30, 2022 changed by:	15,289
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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	\$10,020,024	
Depreciation expense and loss on disposals	(4,748,184)	5,271,840

Capital outlays related to leasing assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities. Amortization expense on intangible lease assets for the fiscal year ended June 30, 2022 was:	(88,898)
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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	\$7,933,643	
Employees' retirement system	1,320,504	
Total other post-employment benefits obligation	789,743	10,043,890

Change in Net Position	<u>\$21,703,252</u>
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HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents - restricted	
Due from governmental funds	
TOTAL ASSETS	<u><u>\$ -</u></u>
LIABILITIES	
Other liabilities	
Due to governmental funds	
TOTAL LIABILITIES	<u><u>-</u></u>
NET POSITION	
Restricted	
TOTAL NET POSITION	<u><u>-</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ -</u></u>

**HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for other governments - Public Library	<u>\$6,492,606</u>
DEDUCTIONS	
Real property taxes disbursed to other governments - Public Library	<u>\$6,492,606</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - ENDING OF YEAR	<u><u>\$ -</u></u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 (the “Board”) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. The Board has 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s reporting entity.

B) Joint venture:

The District is a component district in the Nassau Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which 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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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:

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.

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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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

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.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund. This fund is custodial in nature and is used to account for real property taxes collected on behalf of other governments and disbursed to other governments.

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 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, leases, 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 of leases with terms greater than one year are reported as other financing sources.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board 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.

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.

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.

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 10 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 and deferred outflows, liabilities and deferred inflows, and disclosure of contingent items at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, retirement incentives, workers' compensation claims, potential contingent liabilities, other post-employment benefits, pension asset/liability, lease liability, and useful lives of capital assets and intangible lease 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, at stated value, which approximates market.

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

A nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund 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, 2022.

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:

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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) Intangible lease assets:

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

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

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 reported deferred outflows of resources relating to the unamortized amount of deferred charges from prior years' refunding of bonds that is being amortized as a component of interest expense on a straight-line over the remaining life of the new debt. The District also reported deferred outflows of resources related to pensions and total other post-employment benefits obligation (OPEB), which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12, 13, and 15.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources relating to leases, which are deferred and amortized to lease revenue in a systematic and rational manner over the term of the lease(s). The District also reported deferred inflows of resources related to pensions and total other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15.

In addition to liabilities, 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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 or 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 Smart Schools Bond Act state aid and tuition due from other school districts, which are reported as deferred inflows of resources on 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.

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

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

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

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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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, 2022.

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, lease liability, termination benefits, other post-employment benefits

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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:

District-Wide Financial Statements:

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

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

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.

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:

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 \$47,754 at June 30, 2022.

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:

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.

Unemployment Insurance Reserve

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

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.

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

estimated amount necessary to cover unsettled claims or suits. This reserve is accounted for in the general fund.

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.

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 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.

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.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Scholarships and Donations

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 miscellaneous special revenue fund.

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.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2022.

Assigned fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

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 District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balances 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. The District's unassigned fund balance in the general fund at June 30, 2022 is within the legal limit.

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

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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) New accounting pronouncements:

GASB Statement No. 87, *Leases*, established 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 lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has adopted and implemented GASB Statement No. 87, *Leases*, in 2022. See Note 20 for further consideration.

U) Future accounting pronouncements:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

This is the Statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact this pronouncement may have on its financial statements and will implement them as applicable and when material.

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

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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:

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.

Long-term debt differences:

Long-term debt 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.

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 or intangible lease assets in the Fund Financial Statements and depreciation and/or amortization expense on those items as recorded in the Statement of Activities.

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 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.

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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 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.

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 and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (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.

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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 depository insurance and the deposits are either:

- 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 custodian, 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.

B) Restricted Cash:

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2022 included \$80,438,144 within the governmental funds for general reserves, capital projects, scholarships and donations, and debt service purposes.

C) 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.

D) 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, 2022 the District held \$39,755 in investments consisting of various investments in securities issued by the United States and its agencies:

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Fund	Bank Balance
General fund	\$7,325
Capital reserve	24,667
General fund risk retention	166
Capital projects fund	7,597
Total	<u>\$39,755</u>

Total investments of the cooperative at June 30, 2022 are \$3,380,014,605 which consisted of \$1,151,932,927 in repurchase agreements and \$2,228,081,678 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2022 are \$843,464,076.

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.

NOTE 5 –PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2022, the District was billed \$5,392,106 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,737,309. 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.

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NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2022 consisted of the following:

General Fund	
Excess cost aid	\$537,091
CARES Act federal grants	27,594
Total General fund	<u>564,685</u>
Special Aid Fund	
Federal grants	989,178
State grants	491,877
Total Special Aid Fund	<u>1,481,055</u>
School Lunch Fund	
Lunch - federal aid	212,348
Breakfast - federal aid	29,512
Lunch - state aid	3,951
Breakfast - state aid	1,617
Total School Lunch Fund	<u>247,428</u>
Capital Fund	
NYS Smart Schools Bond Act aid	72,188
Total Capital Fund	<u>72,188</u>
Total All Funds	<u><u>\$2,365,356</u></u>

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, 2022 consisted of the following:

BOCES aid	\$782,926
Non-resident and special education tuition	4,539,476
Total Due from other governments	<u><u>\$5,322,402</u></u>

The general fund due from other governments for non-resident tuition and special education tuition includes \$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.

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NOTE 8 – LEASE RECEIVABLE:

In addition, as a result of adopting and implementing GASB Statement No. 87, *Leases*, the District recognized a lease receivable and deferred inflow of resources – leases, for agreements whereby the District leases building space to other entities, with interest rates ranging from 0.12% - 0.50%. One of the agreements also includes an annual payment escalation of 1.5%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the District's lease receivable amounted to were \$17,290 and \$302, respectively, for the fiscal year ended June 30, 2022.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 12,747	\$ 236	\$ 12,983
2024	13,007	171	13,178
2025	13,471	105	13,576
2026	13,743	37	13,780
	\$ 52,968	\$ 549	\$ 53,517

District management has deemed the amounts to be fully collectible.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 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	30,971,749	\$9,767,443	(\$10,266,734)	30,472,458
Total capital assets not being depreciated	<u>\$36,131,349</u>	<u>9,767,443</u>	<u>(10,266,734)</u>	<u>35,632,058</u>
Capital assets that are depreciated:				
Buildings & building improvements	99,912,033		10,266,734	110,178,767
Furniture & equipment	6,797,005	164,092	(8,063)	6,953,034
Land improvements	4,246,701	-	-	4,246,701
Vehicles	898,688	88,489	-	987,177
Total capital assets being depreciated	<u>111,854,427</u>	<u>252,581</u>	<u>10,258,671</u>	<u>122,365,679</u>
Less accumulated depreciation:				
Buildings & building improvements	50,913,621	3,927,702		54,841,323
Furniture & equipment	4,139,983	595,277	(6,271)	4,728,989
Land improvements	1,882,708	166,763		2,049,471
Vehicles	615,382	56,650	-	672,032
Total accumulated depreciation	<u>57,551,694</u>	<u>4,746,392</u>	<u>(6,271)</u>	<u>62,291,815</u>
Total capital assets being depreciated, net	<u>54,302,733</u>	<u>(4,493,811)</u>	<u>10,264,942</u>	<u>60,073,864</u>
Capital assets, net	<u><u>\$90,434,082</u></u>	<u><u>\$5,273,632</u></u>	<u><u>(\$1,792)</u></u>	<u><u>\$95,705,922</u></u>

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

General support	\$210,115
Instruction	4,537,802
Food service	267
Total	<u><u>\$4,748,184</u></u>

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NOTES TO FINANCIAL STATEMENTS
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B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2022:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets:				
Furniture & equipment	\$ 259,287	\$ -	\$ -	\$ 259,287
Total intangible lease assets being amortized	259,287	-	-	259,287
Less accumulated amortization:				
Furniture & equipment	-	88,898	-	88,898
Total accumulated amortization	-	88,898	-	88,898
Total intangible lease assets, net	\$ 259,287	\$ (88,898)	\$ -	\$ 170,389

Amortization expense of \$88,898 was charged to the governmental functions as general support.

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$4,862,804	\$20,356,688	\$514,323	\$6,127,463
Special aid fund	2,413,725	4,560,525	103,963	514,323
School lunch fund		308,674	23,500	
Miscellaneous special revenue fund	305,579	2,751		
Capital projects fund	17,646,530	130,693	6,000,000	
Debt service fund	130,693			
Totals	<u>\$25,359,331</u>	<u>\$25,359,331</u>	<u>\$6,641,786</u>	<u>\$6,641,786</u>

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and to fund the District's local share of the State Supported Section 4201 schools. 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 transfers from the general fund to the capital projects fund to finance capital projects. The also District transferred monies from the special aid fund to the general fund for reimbursement to the general fund for costs associated with the District's CRRSA (ESSER 2) federal grant.

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

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NOTE 11 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term debt:					
Bonds payable					
Construction serial bonds	\$7,065,000		\$1,640,000	\$5,425,000	\$1,715,000
Add: Unamortized bond premiums	817,190		286,690	530,500	286,690
Total Bonds payable	<u>7,882,190</u>	<u>-</u>	<u>1,926,690</u>	<u>5,955,500</u>	<u>2,001,690</u>
Other long-term liabilities:					
Lease liability*	259,287		88,685	170,602	88,907
Energy performance contract debt payable	1,241,297		403,383	837,914	411,206
Compensated absences payable	2,592,613	\$104,066	145,300	2,551,379	181,046
Termination benefits payable	515,657	12,004	36,000	491,661	18,000
Claims payable	7,020,888	76,963	465,276	6,632,575	
Total other post-employment benefits obligation	172,180,760		62,385,296	109,795,464	
Net pension liability-proportionate share - ERS	36,230		36,230	-	
Net pension liability-proportionate share - TRS	<u>7,885,681</u>		<u>7,885,681</u>	<u>-</u>	
Total Long-term Liabilities	<u>\$199,614,603</u>	<u>\$193,033</u>	<u>\$73,372,541</u>	<u>\$126,435,095</u>	<u>\$2,700,849</u>

*Beginning balance as restated. See Note 20 for further details.

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

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Refunded serial bonds	2017	2025	Various	\$5,425,000
				<u>\$5,425,000</u>

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ended June 30,	Principal	Interest	Total
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>\$5,425,000</u>	<u>\$416,375</u>	<u>\$5,841,375</u>

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 June 30, 2022
Energy Performance Contract Debt	4/14/2015	4/14/2024	1.93%	<u>\$837,914</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
2023	411,206	14,052	425,258
2024	419,180	6,077	425,257
Total	<u>\$830,386</u>	<u>\$20,129</u>	<u>\$850,515</u>

C) Lease Liability

In 2022, the District adopted and implemented the provisions of GASB Statement No. 87, *Leases*. As such, the District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such a lease agreement for various copiers and other equipment items with an interest rate of 0.25%.

Principal and interest expense paid on the District's lease liability amounted to \$88,685 and \$547, respectively, for the fiscal year ended June 30, 2022.

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

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 88,907	\$ 325	\$ 89,232
2024	81,695	102	81,797
	\$ 170,602	\$ 427	\$ 171,029

D) Long-Term Interest:

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

	Total
Interest paid	\$334,672
Plus interest accrued in the current year	48,547
Less interest accrued in the prior year	(63,836)
Plus amortization of deferred charges on refunding	84,329
Less amortization of premium on obligations	(286,690)
Total expense	\$117,022

E) Premiums on Bonds:

The bond premiums on refundings pertaining to the 2009 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 \$286,690 for the fiscal year ending June 30, 2022, and is recorded as a component of interest expense. Unamortized bond premiums at June 30, 2022 amounted to \$530,500.

	2009 Bond	2017 Bond	Total
Deferred premium	\$67,948	\$1,694,919	\$1,762,867
Accumulated amortization	(55,339)	(1,177,028)	(1,232,367)
Balance of deferred premium	\$12,609	\$517,891	\$530,500

NOTE 12 – DEFERRED OUTFLOWS OF RESOURCES - REFUNDINGS:

The deferred charges on refunding pertaining to the 2017 bond refunding is recorded in the District-Wide Financial Statements as a deferred outflow of resources. Deferred outflows of resources at June 30, 2022 consisted of the following:

	2017 Bond
Deferred charges	\$505,974
Accumulated amortization	(351,371)
Balance of deferred charges	\$154,603

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The deferred charges on the 2017 refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 7 years, the time to maturity on the refunded bonds, at the point of refunding. Amortization of the deferred charges on refundings recorded on the District-Wide Financial Statements amounted to \$84,329 for the fiscal year ending June 30, 2022, and is recorded as a component of interest expense.

NOTE 13 – 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 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. 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 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

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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
 - 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, 2022 (for applicable tiers) ranged from 10.60% to 18.10% of covered payroll.

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, 2022 was 9.80% of covered payroll.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	ERS	TRS
2022	\$1,866,406	\$4,918,228
2021	\$1,893,758	\$4,719,095
2020	\$1,733,798	\$4,291,533

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, 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, 2022 for ERS and June 30, 2021 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension asset/(liability)	\$3,115,724	\$50,584,167
District's portion of the Plan's total net pension asset/(liability)	0.0381148%	0.291904%
Change in proportion since the prior measurement date	0.0017295%	-0.006529%

For the fiscal year ended June 30, 2022, the District recognized pension expense (credit) of \$553,304 for ERS and pension expense (credit) of (\$3,010,228) for TRS. At June 30, 2022, 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	\$235,958	\$6,972,491	\$306,051	\$262,806
Changes of assumptions	5,199,795	16,638,190	87,741	2,946,378
Net difference between projected and actual earnings on pension plan investments		-	10,202,692	52,941,565
Changes in proportion and differences between the District's contributions and proportionate share of contributions	844,376	65,214	14,691	417,796
District's contributions subsequent to the measurement date	369,526	4,918,228		
	<u>\$6,649,655</u>	<u>\$28,594,123</u>	<u>\$10,611,175</u>	<u>\$56,568,545</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2023. 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:		
2022	\$ -	(\$6,640,058)
2023	(464,751)	(7,761,402)
2024	(921,283)	(9,746,419)
2025	(2,485,982)	(12,779,759)
2026	(459,030)	2,376,155
Thereafter	-	1,658,833
	<u>(\$4,331,046)</u>	<u>(\$32,892,650)</u>

Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18% - 1.95%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.70%	2.40%

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

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

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 measurement date are summarized below:

<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2022</u>		<u>June 30, 2021</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	32%	3.30%	33%	6.80%
International equity	15%	5.85%	16%	7.60%
Global equity			4%	7.10%
Private equity	10%	6.50%	8%	10.00%
Real estate	9%	5.00%	11%	6.50%
Opportunistic/Absolute return	3%	4.10%		
Credit	4%	3.78%		
Real assets	3%	5.58%		
Fixed income	23%	0.00%		
Cash	1%	-1.00%		
Domestic fixed income securities			16%	1.30%
Global bonds			2%	0.80%
High-yield bonds			1%	3.80%
Private debt			1%	5.90%
Real estate debt			7%	3.30%
Cash equivalents			1%	-2.00%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% 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 asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
District's proportionate share of the net pension asset/(liability)	<u>(\$8,019,841)</u>	<u>\$3,115,724</u>	<u>\$12,430,088</u>
TRS			
District's proportionate share of the net pension asset/(liability)	<u>\$5,308,071</u>	<u>\$50,584,167</u>	<u>\$88,635,440</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, 2022	June 30, 2021
Employers' total pension asset/(liability)	(\$223,874,888)	(\$130,819,415)
Plan Net Position	<u>232,049,473</u>	<u>148,148,457</u>
Employers' net pension asset/(liability)	<u>\$8,174,585</u>	<u>\$17,329,042</u>

Ratio of plan net position to the		
Employers' total pension asset/(liability)	103.65%	113.25%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$369,526.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

30, 2022 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, 2022 amounted to \$5,406,386.

NOTE 14 – 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, 2022, totaled \$26,500 and \$3,309,765, 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, 2022 totaled \$412,315.

NOTE 15 – 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.

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. For measurement period ending June 30, 2022, the District contributed an estimated \$2,869,490 to the Plan, including \$2,869,490 for current premiums and \$0 to prefund benefits. Currently,

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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, 2021, the date of the last full valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	361
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	522
Total	<u><u>883</u></u>

B) Total OPEB Liability:

The District’s total OPEB liability of \$109,795,464 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. 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 June 30, 2022 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	3.77%
Healthcare cost trend rates	7.00% for 2021, decreasing by 0.25% per year to an ultimate rate of 4.50% by 2032
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, 2022.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables 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-2021.

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The actuarial assumptions used in the June 30, 2022 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:

Balance at June 30, 2021	<u>\$172,180,760</u>
Changes for the fiscal year:	
Service cost	2,697,033
Interest	6,437,125
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(68,649,964)
Benefit payments	<u>(2,869,490)</u>
Net changes	<u>(62,385,296)</u>
Balance at June 30, 2022	<u><u>\$109,795,464</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 2.09% to 3.77%.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB liability	<u>\$131,973,240</u>	<u>\$109,795,464</u>	<u>\$92,715,896</u>

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

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates 7%</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$90,482,047</u>	<u>\$109,795,464</u>	<u>\$135,670,046</u>

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense (credit) of \$2,079,747. At June 30, 2022, the District reported the following deferred outflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	<u>12,590,515</u>	<u>58,887,455</u>
	<u>\$ 12,590,515</u>	<u>\$ 58,887,455</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:	
2023	\$7,054,411
2024	7,054,411
2025	7,054,411
2026	7,092,378
2027	7,966,419
Thereafter	<u>10,074,910</u>
	<u>\$46,296,940</u>

NOTE 16 – 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.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. As of June 30, 2022, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of \$6,632,575. This total liability is calculated using a 2.00% discount rate. The District has a workers' compensation reserve balance of \$11,541,552. Claims activity is summarized below:

	2022	2021
Unpaid claims at the beginning of the year	\$7,020,888	\$4,620,436
Claims incurred and claim adjustment expenses	76,963	2,823,060
Claims paid	(465,276)	(422,608)
Unpaid claims at the end of the year	<u>\$6,632,575</u>	<u>\$7,020,888</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 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 at June 30, 2022 is \$491,661, 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, 2022 is \$945,568. Custodial and IT Systems employees may be eligible for payment of a portion of unused

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

sick and vacation days upon retirement. The projected long-term liability at June 30, 2022 is \$1,068,462. 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, 2022 is \$277,246 and \$260,103, respectively. The current value of total compensated absences earned at June 30, 2022 is \$2,551,379. The District has an employee benefits accrued liability reserve in the amount of \$1,407,331 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 \$127,195 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$127,195 for these programs during the fiscal year.

The District also received PILOT payments from the County related to the Long Island Power Authority. These PILOT payments 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, 2022, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

C) Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2022, the District encumbered the following amounts in the general fund:

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General support	\$559,125
Instruction	880,231
Pupil transportation	30,224
Community services	1,893
Employee benefits	53,105
	<u>\$1,524,578</u>

NOTE 20 – RESTATEMENT OF NET POSITION

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The adoption and implementation of this Statement resulted in the restatement of opening balances of non-current assets, long-term liabilities, and deferred inflows of resources. These changes have been restated as follows:

	Net Position (Deficit)
Beginning balance as reported	<u>\$ 27,037,832</u>
Non-current assets	
Lease receivable	70,258
Intangible lease assets	<u>259,287</u>
Total Assets	<u>329,545</u>
Long-term liabilities	
Lease liability	<u>259,287</u>
Total long-term liabilities	<u>259,287</u>
Deferred inflows of resources	<u>70,258</u>
Net position, beginning of year, as restated	<u>\$ 27,037,832</u>

NOTE 21 – 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:

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, 2022**

	<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	\$108,031,945	\$102,598,712	\$102,794,137	\$195,425
Other real property tax items	2,989,380	8,422,613	8,121,695	(300,918)
Charges for services	1,224,000	1,224,000	1,749,688	525,688
Use of money & property	370,350	370,350	255,992	(114,358)
Miscellaneous	385,000	385,000	1,119,235	734,235
State Sources				
Basic formula	7,277,898	7,307,688	7,608,108	300,420
Lottery aid	1,775,000	1,775,000	2,084,328	309,328
Excess cost aid	1,600,000	1,600,000	1,751,482	151,482
BOCES aid	1,350,000	1,350,000	1,737,309	387,309
Textbook aid	300,000	294,745	294,745	-
Computer hardware & software aid	115,000	99,234	99,234	-
Library A/V loan program aid	35,000	26,231	26,231	-
Other state aid	170,000	170,000	181,552	11,552
Federal Sources	<u>175,000</u>	<u>175,000</u>	<u>158,279</u>	<u>(16,721)</u>
Other Financing Sources				
Transfers from Other Funds			<u>514,323</u>	<u>514,323</u>
TOTAL REVENUES AND OTHER SOURCES	<u>125,798,573</u>	<u>125,798,573</u>	<u>\$128,496,338</u>	<u>\$2,697,765</u>
Appropriated fund balance	2,378,131	2,378,131		
Appropriated reserves	<u>1,420,405</u>	<u>3,719,405</u>		
TOTAL REVENUES, APPROPRIATED FUND BALANCE, AND RESERVES	<u>\$129,597,109</u>	<u>\$131,896,109</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$135,870	\$140,337	\$102,087	\$1,146	\$37,104
Central administration	543,248	574,829	563,693		11,136
Finance	1,536,730	1,343,354	1,205,114	28,331	109,909
Staff	1,208,815	1,268,896	1,092,015	35,464	141,417
Central services	10,837,678	10,866,169	9,521,674	453,780	890,715
Special items	1,146,934	2,010,350	1,962,510	40,404	7,436
Total general support	15,409,275	16,203,935	14,447,093	559,125	1,197,717
Instructional					
Instruction, adm. & imp.	4,978,197	5,113,542	4,638,124	98,102	377,316
Teaching - regular school	34,776,765	34,474,422	32,952,961	46,519	1,474,942
Programs for children with handicapping conditions	17,778,417	17,944,558	15,414,379	48,713	2,481,466
Occupational education	445,618	24,618	14,930	9,688	-
Teaching special schools	451,778	470,270	389,281	325	80,664
Instructional media	5,156,308	5,253,392	4,526,049	425,772	301,571
Pupil services	7,379,865	7,842,447	7,470,413	251,112	120,922
Total instructional	70,966,948	71,123,249	65,406,137	880,231	4,836,881
Pupil transportation	8,137,161	8,105,416	7,486,326	30,224	588,866
Community services	699,376	729,896	527,113	1,893	200,890
Employee benefits	27,818,340	27,137,809	24,915,095	53,105	2,169,609
Debt service					
Debt service principal	2,043,384	2,132,069	2,132,068		1
Debt service interest	434,125	336,737	334,672		2,065
Total debt service	2,477,509	2,468,806	2,466,740	-	2,066
TOTAL EXPENDITURES	125,508,609	125,769,111	115,248,504	1,524,578	8,996,029
Other Financing Uses					
Transfers to other funds	4,088,500	6,126,998	6,127,463		(465)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$129,597,109	\$131,896,109	121,375,967	\$1,524,578	\$8,995,564
Net change in fund balances			7,120,371		
Fund balances - beginning of year			72,466,073		
Fund balances - end of year			\$79,586,444		

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	2,697,033	4,660,635	\$4,017,170	\$1,842,753	\$1,789,081
Interest	6,437,125	3,190,571	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	(68,649,964)	13,092,242	5,739,875	-	-
Benefit payments	<u>(2,869,490)</u>	<u>(2,843,143)</u>	<u>(2,831,157)</u>	<u>(2,800,790)</u>	<u>(2,794,424)</u>
Net change in total OPEB liability	(62,385,296)	18,100,305	10,397,219	3,885,857	3,708,853
Total OPEB liability - beginning	<u>172,180,760</u>	<u>154,080,455</u>	<u>143,683,236</u>	<u>139,797,379</u>	<u>136,088,526</u>
Total OPEB liability - ending	<u><u>\$109,795,464</u></u>	<u><u>\$172,180,760</u></u>	<u><u>\$154,080,455</u></u>	<u><u>\$143,683,236</u></u>	<u><u>\$139,797,379</u></u>
Covered-employee payroll	\$55,266,082	\$56,957,084	\$56,957,084	\$57,687,481	\$57,687,481
Total OPEB liability as a percentage of covered-employee payroll	198.67%	302.30%	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 3.77% as of June 30, 2022.

The discount rate was 2.09% as of June 30, 2021.

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 ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, *

NYSERS Pension Plan									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.0381148%	0.0363853%	0.0358998%	0.0364919%	0.0340386%	0.0342011%	0.0346443%	0.0326267%	0.0326267%
District's proportionate share of the net pension asset/(liability)	\$3,115,724	(\$36,230)	(\$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	\$13,126,712	\$12,973,361	\$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 asset/(liability) as a percentage of its covered payroll	-23.74%	0.28%	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 asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
NYSTRS Pension Plan									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.291904%	0.285375%	0.286875%	0.286892%	0.281669%	0.281399%	0.278310%	0.276311%	0.278199%
District's proportionate share of the net pension asset/(liability)	\$50,584,167	\$7,885,681	\$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	\$50,589,695	\$49,660,368	\$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 asset/(liability) as a percentage of its covered payroll	99.99%	15.88%	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 asset/(liability)	113.25%	97.76%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$1,866,406	\$1,893,758	\$1,733,798	\$1,767,879	\$1,740,707	\$1,653,095	\$1,897,088	\$1,874,591	\$1,830,678	\$1,907,139
Contributions in relation to the contractually required contribution	<u>1,866,406</u>	<u>1,893,758</u>	<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>
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	\$12,957,875	\$13,262,631	\$12,624,570	\$12,365,093	\$12,115,008	\$11,960,696	\$10,996,002	\$10,944,944	\$10,513,597	\$10,375,753
Contributions as a percentage of covered payroll	14.40%	14.28%	13.73%	14.30%	14.37%	13.82%	17.25%	17.13%	17.41%	18.38%
NYSTRS Pension Plan										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$4,918,228	\$4,719,095	\$4,291,533	\$5,085,292	\$4,563,687	\$5,231,254	\$5,743,878	\$7,328,591	\$6,632,502	\$4,824,820
Contributions in relation to the contractually required contribution	<u>4,918,228</u>	<u>4,719,095</u>	<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>
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	\$51,286,139	\$50,589,695	\$49,660,368	\$48,928,438	\$47,631,850	\$45,329,603	\$43,454,191	\$42,103,796	\$40,954,526	\$40,941,443
Contributions as a percentage of covered payroll	9.59%	9.33%	8.64%	10.39%	9.58%	11.54%	13.22%	17.41%	16.19%	11.78%

**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, 2022**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$129,358,256
Add: Prior year's encumbrances		<u>238,853</u>
Original Budget		<u>129,597,109</u>
Budget Revisions:		
Appropriation of capital reserve	\$2,000,000	
Appropriation of liability reserve	<u>299,000</u>	<u>2,299,000</u>
Total Budget Revisions		
Final Budget		<u><u>\$131,896,109</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget	<u><u>\$130,586,214</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$5,223,449</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,524,578
Unassigned fund balance	<u>5,223,449</u>
Total unrestricted fund balance	<u><u>6,748,027</u></u>
Less:	
Encumbrances included in assigned fund balance	<u>1,524,578</u>
Total adjustments	<u><u>1,524,578</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$5,223,449</u></u>
Actual percentage of 2022-2023 budget	<u><u>4.00%</u></u>

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2022

Project Title	Revised Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
		Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Ogden Renovations	\$4,765,813	\$4,754,803	\$ -	\$4,754,803	\$11,010	\$568,329	\$489,000	\$3,709,027	\$4,766,356	\$11,553
District Alarm System	185,000	76,816	-	76,816	108,184			185,000	185,000	108,184
Ogden Asphalt	741,628	14,700	-	14,700	726,928			741,628	741,628	726,928
FECC Cupola & Gutter Repair	2,025,538	25,479	37,644	63,123	1,962,415			2,025,538	2,025,538	1,962,415
FECC Repointing & Masonry	906,699	15,148	-	15,148	891,551			906,699	906,699	891,551
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)	6,675,916	6,150,851	228,531	6,379,382	296,534			6,675,915	6,675,915	296,533
HES HVAC Upgrades (2015-16)	4,976,183	3,808,449	-	3,808,449	1,167,734			4,976,183	4,976,183	1,167,734
FECC Window Relacement	189,000	-	-	-	189,000			189,000	189,000	189,000
WMS New Storage Blding	636,000	4,025	13,947	17,972	618,028			636,000	636,000	618,028
WMS Asphalt Repairs	878,312	-	-	-	878,312			878,312	878,312	878,312
HHS Window Replacement	3,703,973	1,843,631	1,163,749	3,007,380	696,593			3,703,972	3,703,972	696,592
HHS Asphalt Repairs	96,246	-	-	-	96,246			96,246	96,246	96,246
FECC Bathroom Renovation	2,515,325	-	12,166	12,166	2,503,159			2,515,325	2,515,325	2,503,159
HHS Multi-Phase HVAC Project	15,593,186	8,037,701	6,501,160	14,538,861	1,054,325			15,593,185	15,593,185	1,054,324
WMS Field/Pking Lot/sitework/bathroo	2,025,000	1,749,820	4,712	1,754,532	270,468			2,025,000	2,025,000	270,468
WEC Complete Windows	811,685	702,049	-	702,049	109,636			811,685	811,685	109,636
District Tech Upgrade	1,290,733	1,238,346	-	1,238,346	52,387			1,290,733	1,290,733	52,387
WMS Repoint & Masonry	325,000	-	-	-	325,000			325,000	325,000	325,000
HES Pool System Repairs	600,000	-	6,356	6,356	593,644			600,000	600,000	593,644
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	123,848	-	-	-	123,848			123,848	123,848	123,848
HHS Pool Renovation	255,505	-	-	-	255,505	124,858		130,647	255,505	255,505
WEC Pking Lot/Sitework	411,628	3,800	5,297	9,097	402,531			411,628	411,628	402,531
HES Slate Roof	3,371,486	380,458	1,473,984	1,854,442	1,517,044			3,024,037	3,024,037	1,169,595
HHS LC Roof	2,273,000	-	61,845	61,845	2,211,155			2,273,000	2,273,000	2,211,155
WMS Elevator Renovation	325,000	7,557	162,556	170,113	154,887			325,000	325,000	154,887
District Wide Intrusion Alarm System	75,000	-	14,097	14,097	60,903			75,000	75,000	60,903
District Wide CCTV & Lighting Upgra	600,000	-	-	-	600,000			600,000	600,000	600,000
WEC Fire Escape & Windows	374,594	2,839	6,852	9,691	364,903			374,594	374,594	364,903
FECC HVAC Gym #2	17,077	-	-	-	17,077			17,077	17,077	17,077
HHS HVAC Fac Lg Phase 2	128	-	-	-	128			128	128	128
WMS Blding wide Surge Pro	600,000	-	-	-	600,000			600,000	600,000	600,000
OES Plumbig Upgrades	505,000	-	-	-	505,000			505,000	505,000	505,000
HES Plumbig Upgrades	505,000	-	-	-	505,000			505,000	505,000	505,000
CarrHse Boiler Replacement	200,000	-	-	-	200,000			200,000	200,000	200,000
SSBA Project	395,393	320,829	74,547	395,376	17			320,471	320,471	(74,905) *
TOTAL	\$60,561,185	\$29,173,690	\$9,767,443	\$38,941,133	\$21,620,052	\$693,187	\$489,000	\$58,957,168	\$60,139,355	\$21,198,222

* Deficit fund balance will be eliminated once NYS Smart School Bond aid is received.

HEWLETT-WOODMERE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital assets, net		\$95,705,922
Intangible lease assets, net		170,389
Add:		
Deferred charges on refunding		154,603
Deduct:		
Short-term portion of lease liability	88,907	
Long-term portion of lease liability	81,695	
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$2,001,690	
Long-term portion of bonds payable (inclusive of unamortized premiums)	3,953,810	
Short-term portion of energy performance contract debt	411,206	
Long-term portion of energy performance contract debt	426,708	
Less: Unspent bond proceeds	(124,858)	
Net investment in capital assets		\$89,191,756



R.S. ABRAMS & CO., LLP

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Hewlett-Woodmere Union Free School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

R.S. Abrams & Co., LLP
Islandia, New York
October 6, 2022