

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 14, 2020

NEW ISSUE

TAX ANTICIPATION NOTES

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

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

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

**\$4,000,000* TAX ANTICIPATION NOTES FOR 2020-2021 TAXES
(the "Notes")**

Date of Issue: October 1, 2020

Maturity Date: June 25, 2021

The Notes are general obligations of the East Williston Union Free School District, in Nassau County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "*The Tax Levy Limit Law*" herein.)

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 22, 2020 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about October 1, 2020.

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

September , 2020

*Preliminary, subject to change.



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

Business Office
11 Bacon Road
Old Westbury, NY 11568
Telephone: 516/333-1707
Fax: 516/333-1937

BOARD OF EDUCATION

Mark Kamberg, President
Robert V. Fallarino, Esq., Vice President

Leonard Hirsch
David Keefe
Tasneem Meghji

Dr. Elaine Kanas, Superintendent of Schools
Diane Castonguay, Assistant Superintendent for Business
Adrienne Commins, District Clerk
Lori Carrick, District Treasurer

SCHOOL DISTRICT ATTORNEY

Guercio & Guercio
Farmingdale, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT

EAST WILLISTON UNION FREE SCHOOL DISTRICT NASSAU COUNTY, NEW YORK

Relating To

\$4,000,000* TAX ANTICIPATION NOTES FOR 2020-2021 TAXES (the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the East Williston Union Free School District in the County of Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$4,000,000* Tax Anticipation Notes for 2020-2021 Taxes (the "Notes").

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

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

THE NOTES

Description

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

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

Optional Redemption

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

Book-entry-only System

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

*Preliminary, subject to change.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be

requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2020-2021 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2020-2021 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2020-2021 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Chapter 97 of the New York Laws of 2011, as amended.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "Tax Levy Limit Law" or "Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year to year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes, and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*," herein.)

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS

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

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

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

NO PAST DUE DEBT

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

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

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

THE DISTRICT

Description

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

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

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

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

District Organization

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

The legislative power of the District is vested in the Board of Education (the “Board”). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years. In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

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

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, Assistant Superintendent for Business and the District Treasurer.

Enrollment History

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

<u>School Year</u>	<u>School Enrollment</u>
2016	1,730
2017	1,732
2018	1,696
2019	1,722
2020	1,746

Source: District Officials.

Projected Future Enrollment

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

<u>School Year</u>	<u>School Enrollment</u>
2021	1,736
2022	1,740
2023	1,750

Source: District Officials.

District Facilities

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

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

Source: District Officials.

Employees

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

<u>Name of Union</u>	<u>Expiration Date of Contract^a</u>	<u>Approx. No. of Members</u>
East Williston Administrators' Association	06/30/2022	14
East Williston Teachers' Association	06/30/2022	195
East Williston Clerical Unit	06/30/2022	47
East Williston Custodial Unit	06/30/2019	45
East Williston Teachers' Association (Teachers Asst's./Aides)	06/30/2022	51
East Williston Teachers' Association (Substitute Teachers)	06/30/2022	73
East Williston Teachers' Association (School Nurses)	06/30/2022	3

a. Expired contracts are subject to negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

<u>Year</u>	<u>North Hempstead</u>	<u>Nassau County</u>
2006	211,393	1,287,348
2007	222,611	1,334,544
2008	226,322	1,339,532
2009	225,717	1,337,556
2010	227,029	1,343,765
2018	231,120	1,358,343

Source: U.S. Bureau of the Census.

Income Data

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

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of North Hempstead	\$30,621	\$41,621	\$50,156	\$62,760
County of Nassau	23,352	32,151	40,912	50,397
State of New York	16,501	23,389	30,948	38,884

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of North Hempstead	\$60,320	\$81,039	\$100,571	\$126,425
County of Nassau	54,283	72,030	96,626	116,304
State of New York	32,965	43,393	55,603	67,844

Source: United States Bureau of the Census

a. Based on American Community Survey 1-Year Estimate (2018)

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Town of North Hempstead</u>	<u>Nassau County</u>	<u>New York State</u>
2015	3.9%	4.3%	5.3%
2016	3.6	3.9	4.9
2017	3.8	4.0	4.6
2018	3.3	3.5	4.1
2019	3.2	3.4	4.0
2020 (7 Months)	8.7	9.3	10.4

Source: Department of Labor, State of New York.

a. Unemployment rates dramatically increased throughout the State in April and May due to the COVID-19 pandemic.

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

Computation of Debt Limit and Debt Contracting Margin (As of September 14, 2020)

<u>In Town of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
North Hempstead (2019-2020) ^a	\$5,982,433	0.21%	\$2,848,777,619
Debt Limit - 10% of Average Full Valuation			\$284,877,762
Inclusions: ^b			
Outstanding Bonds			\$2,440,000
Bond Anticipation Notes			0
Total Indebtedness			<u>2,440,000</u>
Exclusions (Estimated Building Aid) ^c			<u>373,320</u>
Total Net Indebtedness			<u>2,066,680</u>
Net Debt Contracting Margin			<u><u>\$282,811,082</u></u>
Per Cent of Debt Contracting Margin Exhausted			0.73%

a. The latest completed assessment roll for which a State Equalization Rate has been established.

b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.

c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness

As at June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$8,125,000	\$6,550,000	\$5,335,000	\$4,065,000	\$2,745,000
BANs	-	-	-	-	-
Energy Performance Contract	<u>2,881,995</u>	<u>2,646,086</u>	<u>2,402,758</u>	<u>2,151,781</u>	<u>1,892,911</u>
Totals:	<u>\$11,006,995</u>	<u>\$9,196,086</u>	<u>\$7,737,758</u>	<u>\$6,216,781</u>	<u>\$4,637,911</u>

Debt Service Requirements - Outstanding Bonds^a

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$305,000	\$95,581	\$400,581
2022	315,000	84,856	399,856
2023	325,000	73,781	398,781
2024	340,000	62,281	402,281
2025	350,000	50,356	400,356
2026	365,000	37,875	402,875
2027	175,000	27,834	202,834
2028	180,000	20,400	200,400
2029	190,000	12,538	202,538
2030	<u>200,000</u>	<u>4,250</u>	<u>204,250</u>
Totals:	<u>\$2,745,000</u>	<u>\$469,753</u>	<u>\$3,214,753</u>

a. Does not include payment made to date

Energy Performance Contract

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$267,010	\$56,992	\$324,002
2022	275,405	48,597	324,002
2023	284,065	39,937	324,002
2024	292,997	31,005	324,002
2025	302,210	21,792	324,002
2026	311,712	12,290	324,002
2027	<u>159,512</u>	<u>2,488</u>	<u>162,000</u>
Totals:	<u>\$1,892,911</u>	<u>\$213,101</u>	<u>\$2,106,012</u>

Tax Anticipation Notes

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

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2015-16	\$4,000,000	TAN	09/17/15	06/28/16
2016-17	4,000,000	TAN	09/02/16	06/27/17
2017-18	4,000,000	TAN	09/19/17	06/27/18
2018-19	4,000,000	TAN	09/12/18	06/25/19
2019-20	3,500,000	TAN	10/24/19	06/25/20

Authorized and Unissued Debt

The District has no authorized and unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	7/29/2020	1.09	\$38,831,675	\$33,028,472
Town of North Hempstead	7/28/2020	4.60	16,926,762	13,379,034
Village of East Williston	5/31/2019	100.00	2,611,737	2,611,737
Village of Old Westbury	5/31/2019	33.00	3,427,050	3,427,050
Village of Mineola	5/31/2019	5.00	306,500	306,500
Totals:			<u>\$62,103,724</u>	<u>\$52,752,793</u>

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

Debt Ratios (As of September 14, 2020)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$2,440,000	\$279	0.086
Net Direct Debt	2,066,680	237	0.073
Total Direct & Applicable Total Overlapping Debt	64,543,724	7,390	2.266
Net Direct & Applicable Net Overlapping Debt	54,819,473	6,277	1.924

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

b. The full valuation of taxable property is \$2,848,777,619

FINANCES OF THE DISTRICT

Impact of COVID-19

The District has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to hiring additional personnel and for cleaning supplies and equipment, the aggregate cost of which total approximately \$2,600,000. The District has paid such costs from budgetary appropriations and/or available funds. The District's State Aid for the 2019-2020 school year has been reduced and the District also expects a reduction of up to 20% in State aid during the 2020-2021 fiscal year. In the District 2020-2021 Adopted Budget, State aid revenues are estimated to be approximately 20% less than the prior year. The District does not believe that the increased costs or the potential reductions in State aid described above will have a material adverse impact on the finances of the District. See also "State Aid" herein.

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2019. A copy of such report is included herein as Appendix C.

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

On June 16, 2020, a majority of the voters of the District approved the District's budget for the 2020-2021 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2019-2020 and 2020-2021 may be found in Appendix A, herein.

Revenues

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

Real Property Taxes

See "*Tax Information*" herein.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2015 through 2019, and the amounts budgeted for 2020 and 2021.

Fiscal Year Ending <u>June 30:</u>	General Fund <u>Total Revenue</u>	<u>State Aid</u>	State Aid to <u>Revenues (%)</u>
2015	\$169,956,685	\$46,956,693	27.63
2016	175,481,692	49,312,192	28.10
2017	179,299,623	53,753,243	29.98
2018	186,859,901	58,743,464	31.44
2019	185,329,155	57,320,706	30.93
2020 (Budgeted) ^a	194,047,128	56,000,172	28.86
2021 (Budgeted) ^a	199,437,938	55,291,843	27.72

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

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

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

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State has declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State’s 2020-2021 Adopted Budget authorizes the State’s Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State’s 2020-2021 budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if “a General Fund imbalance has occurred during any Measurement Period,” the State’s Budget Director will be empowered to “adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget,” and “such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed.” The legislation further provides that prior to making any adjustments or reductions, the State’s Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director’s reductions take effect automatically.

On August 13, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.5 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$62 billion through the State’s fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See also “*Impacts of COVID-19*”, “*Risk Factors*” and “*Event Affecting New York School Districts*” herein).

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2019-2020 Enacted Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State’s General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

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

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

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

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* (“CFE”) v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State’s public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Recent Events Affecting State Aid to New York School Districts

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

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

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

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

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

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

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

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

The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequent State budgets decreased the amount of the GEA deduction and the State's 2016-2017 Budget eliminated the remaining balance of the GEA.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's allocation of funds is \$304,393. The District has spent approximately \$266,000 of such amount.

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

Expenditures

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

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

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

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 0.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

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

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

Employee Pension System

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in the 2018-2019 fiscal year.

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

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
2016	\$3,270,594	\$616,968
2017	2,977,430	574,422
2018	2,598,795	619,413
2019	2,922,046	575,734
2020	3,127,389	761,020

Source: District Officials.

Other Post-Employment Benefits

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

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

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

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

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost. Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2019 is as follows:

Total OPEB Liability at June 30, 2018	<u>\$73,484,975</u>
Charges for the Year:	
Service Cost	1,075,434
Interest	2,648,503
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions and Other Inputs	3,127,358
Benefit Payments	<u>(1,881,648)</u>
Net Changes	<u>\$4,969,647</u>
Total OPEB Liability at June 30, 2019	<u><u>\$78,454,622</u></u>

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

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

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2015 through 2020, and the amounts budgeted for 2020 and 2021.

<u>Fiscal Year Ending June 30:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2015	\$55,830,905	\$49,699,783	89.02
2016	56,966,172	49,833,303	87.48
2017	57,372,069	49,914,447	87.00
2018	58,139,760	50,548,257	86.94
2019	59,782,625	52,077,906	87.11
2020 (Budgeted) ^a	61,689,714	55,619,629	90.16
2021 (Budgeted) ^a	63,091,128	56,725,689	89.91

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

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

Tax Collection Procedure

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

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

As a result of the COVID-19 outbreak, the Governor issued an Executive Order that extended the deadline to pay the second installment of school district property taxes for the 2019-2020 fiscal year until June 1, 2020, without interest or penalty. The Governor has issued a second Executive Order that extends the deadline to pay the first installment of school district property taxes for the 2020-2021 fiscal year until December 1, 2020, without interest or penalty. Such extension may result in a delay in the receipt of taxes collected and paid to school districts by the town tax receiver and by the County in accordance with the procedures set forth above.

The Tax Levy Limit Law

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

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

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

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

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

Approximately 3% of the District's 2019-2020 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 3% of the District's 2020-2021 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2021. (See "*State Aid*" herein).

Valuations, Rates and Levies

The anticipated tax levy for the 2020-2021 year is \$56,725,689.

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2016 through 2020.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuation	\$6,552,808	\$6,240,460	\$6,138,412	\$6,098,484	\$5,982,433
Equalization Rate	0.28%	0.27%	0.25%	0.23%	0.21%
Full Valuation	\$2,340,288,571	\$2,311,281,481	\$2,455,364,800	\$2,651,514,783	\$2,848,777,619
Total Tax Levy	\$49,833,303	\$49,914,447	\$50,548,257	\$52,077,906	N/A

Tax Rate per \$100 Assessed Valuation

Class 1	\$897.04	\$930.99	\$952.96	\$1,056.95	N/A
Class 2	153.98	155.05	154.69	179.28	N/A
Class 3	664.13	581.87	558.48	526.95	N/A
Class 4	250.83	288.27	299.65	296.80	N/A

Source: Tax Rate Sheets for the Town of Babylon.

Selected Listing of Large Taxable Properties in the District 2019-2020 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Leone Trust	Shopping Center	\$86,303
Keyspan Gas East Corp.	Utility	81,184
East Hills Center, LLC	Retail Stores	72,966
KIMCO Mineola	Commercial	37,875
Verizon New York Inc.	Utility	28,734
Individual	Residential-Estates	26,789
Individual	Residential-Estates	24,000
Individual	Multiple Residences	15,773
Individual	Residential-Estates	12,410
Total ^a		<u><u>\$386,034</u></u>

a. Represents 6.45% of the Assessed Valuation of the District for 2019-2020.

Source: Town Assessment Roll.

Tax Certiorari Claims

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

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

RISK FACTORS

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

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

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 pandemic and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Impact of COVID-19*", "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

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

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “tax-exempt Premium Note”). In general, under Section 171 of the Code, an owner of a tax-exempt Premium Note must amortize the note premium over the remaining term of the tax-exempt Premium Note, based on the owner’s yield over the remaining term of the tax-exempt Premium Note, determined based on constant yield principles (in certain cases involving a tax-exempt Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note).

An owner of a tax-exempt Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a tax-exempt Premium Note may realize a taxable gain upon disposition of the tax-exempt Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any tax-exempt Premium Note should consult their own tax advisors regarding the treatment of note premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of tax-exempt Premium Notes.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix E.

RATINGS

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa1" to the outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the outstanding bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

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

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

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

September , 2020

APPENDIX A

FINANCIAL INFORMATION

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 49,699,783	\$ 49,833,303	\$ 49,914,447	\$ 50,548,257	\$ 52,077,906
Other Real Property Tax Items	2,531,400	3,284,674	3,226,268	3,167,501	2,933,368
Charges for Services	541,515	473,233	475,537	308,658	487,050
Use of Money and Property	170,262	141,319	120,331	152,837	234,434
Sale of Property and					
Compensation for Loss	5,512		17,089	23,962	3,567
Miscellaneous	122,868	170,951	233,865	194,305	177,299
Medicaid Reimbursement		20,726	14,292	52,191	38,244
Federal Sources	11,229				
State Sources	<u>2,748,336</u>	<u>3,041,966</u>	<u>3,370,240</u>	<u>3,692,049</u>	<u>3,830,757</u>
Total Revenues	<u>55,830,905</u>	<u>56,966,172</u>	<u>57,372,069</u>	<u>58,139,760</u>	<u>59,782,625</u>
Expenditures:					
General Support	5,116,635	5,780,133	5,360,586	5,424,039	5,673,024
Instruction	29,431,789	30,490,976	31,253,824	32,566,407	33,245,810
Pupil Transportation	2,320,209	2,512,890	2,478,516	2,576,363	2,668,498
Community Services	31,118	29,076	30,038	29,921	37,410
Employee Benefits	13,356,413	12,853,230	13,146,255	13,356,409	14,065,284
Debt Service	<u>34,625</u>	<u>46,833</u>	<u>61,556</u>	<u>65,639</u>	<u>86,472</u>
Total Expenditures	50,290,789	51,713,138	52,330,775	54,018,778	55,776,498
Excess (Deficit) of Revenues					
Over Expenditures	5,540,116	5,253,034	5,041,294	4,120,982	4,006,127
Other Financing Sources (Uses)					
Interfund Transfers In	550	23,595	6,578	11,375	30,918
Interfund Transfers Out	<u>(4,841,539)</u>	<u>(5,411,490)</u>	<u>(3,961,617)</u>	<u>(2,733,381)</u>	<u>(8,088,315)</u>
Total Other Financing Sources (Uses)	<u>(4,840,989)</u>	<u>(5,387,895)</u>	<u>(3,955,039)</u>	<u>(2,722,006)</u>	<u>(8,057,397)</u>
Excess (Deficit) of Revenues					
and Other Sources over					
Expenditures and Other Uses	699,127	(134,861)	1,086,255	1,398,976	(4,051,270)
Fund Balance - Beg. of Year	6,892,955	7,592,082	7,457,221	8,543,476	9,942,452
Adjustments					
Fund Balance - End of Year	<u>\$ 7,592,082</u>	<u>\$ 7,457,221</u>	<u>\$ 8,543,476</u>	<u>\$ 9,942,452</u>	<u>\$ 5,891,182</u>

Source: Audited Financial Statements (2015-2019)

NOTE: This table NOT audited

**Comparative Balance Sheet
General Fund**

	Fiscal Year Ending June 30:		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assets:			
Unrestricted Cash	\$ 7,019,250	\$ 4,011,480	\$ 6,886,265
Restricted Cash	7,668,847	7,161,596	6,455,743
Due From Other Governments	1,611,212	1,951,457	1,703,910
Due From Other Funds	658,590	616,037	394,766
Due From Fiduciary Funds			
Other Receivables, Net	80,726	74,299	48,312
Prepaid Expenditures			
State and Federal Receivables	<u>137,828</u>	<u>215,293</u>	<u>131,704</u>
Total Assets	<u><u>\$ 17,176,453</u></u>	<u><u>\$ 14,030,162</u></u>	<u><u>\$ 15,620,700</u></u>
Liabilities & Deferred Revenue:			
Accounts Payable	\$ 770,227	\$ 702,752	\$ 986,572
Accrued Liabilities	237,514	279,359	319,229
Due to Other Funds	4,110,834	135	4,943,610
Due to Other Governments	106,885	83,604	226,235
Due to Retirement Systems	3,332,705	2,965,755	3,253,872
Compensated Absences Payable			
Due to Fiduciary Funds			
Deferred Revenue	<u>74,812</u>	<u>56,105</u>	<u></u>
Total Liabilities & Deferred Revenue	<u><u>\$ 8,632,977</u></u>	<u><u>\$ 4,087,710</u></u>	<u><u>\$ 9,729,518</u></u>
Fund Balance:			
Nonspendable	\$	\$	\$
Restricted	5,622,824	6,936,944	2,836,391
Assigned	589,037	605,225	587,202
Unassigned	<u>2,331,615</u>	<u>2,400,283</u>	<u>2,467,589</u>
Total Fund Balance	<u><u>\$ 8,543,476</u></u>	<u><u>\$ 9,942,452</u></u>	<u><u>\$ 5,891,182</u></u>
Total Liabilities and Fund Equity	<u><u>\$ 17,176,453</u></u>	<u><u>\$ 14,030,162</u></u>	<u><u>\$ 15,620,700</u></u>

Source: Audited Financial Statements

NOTE: This table NOT audited

Budget Summaries
General Fund

	<u>2019-2020 (1)</u>	<u>2020-2021 (2)</u>
Real Property Taxes (Includes PILOT)	\$ 56,343,079	\$ 57,408,919
State and Federal Aid	3,997,135	3,722,084
Miscellaneous	805,500	1,416,125
Appropriated Fund Balance	<u>544,000</u>	<u>544,000</u>
 Total Revenues	 <u>\$ 61,689,714</u>	 <u>\$ 63,091,128</u>
 Expenditures:		
General Support	\$ 5,931,293	\$ 5,908,216
Instruction	34,556,554	36,021,813
Pupil Transportation	2,858,942	2,864,230
Community Services		
Employee Benefits	15,279,314	15,658,686
Debt Service	1,880,111	799,583
Interfund Transfers	<u>1,183,500</u>	<u>1,838,600</u>
 Total Expenditures	 <u>\$ 61,689,714</u>	 <u>\$ 63,091,128</u>

(1) The 2019-20 budget was approved by the voters of the District on May 21, 2019

(2) The 2020-21 budget was approved by the voters of the District on June 16, 2020

Source: Adopted Budgets of the District

APPENDIX B

CASH FLOWS

EAST WILLISTON UNION FREE SCHOOL DISTRICT

CASH FLOW SUMMARY 2019-20 (Actual)

(General Fund Only)

(000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	7,476	5,475	3,643	46	1,812	21,335	17,836	14,918	10,900	8,285	6,604	17,231	7,476 a.
Receipts													
Property Taxes		1,121		2,100	25,760	850	1,220			2,400	14,250	4,912	52,613
STAR Payment							1,646						1,646
State Aid		124		433	15	212	20	15	552	20	10	104	1,505
BOCES Aid			331					49	191				571
Other Receipts	257	50	85	127	322	109	61	88	41	234	32	314	1,719
TAN Proceeds				3,514									3,514
Total Receipts	257	1,294	415	6,174	26,098	1,171	2,946	152	785	2,654	14,292	5,330	61,568
Disbursements													
Operating Expenses	1,386	3,022	4,007	4,330	5,574	4,645	5,648	4,118	3,347	4,332	3,665	10,009	54,082
Debt Service	517					20	212					1,040	1,790
Other Disbursements	355	105	5	79	1,001	3	4	52	53	3		531	2,192
TAN Principal												3,500	3,500
TAN Interest												47	47
Total Disbursements	2,258	3,127	4,012	4,408	6,575	4,669	5,864	4,170	3,400	4,335	3,665	15,128	61,610
Balance	5,475	3,643	46	1,812	21,335	17,836	14,918	10,900	8,285	6,604	17,231	7,433	7,433
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	3,500	3,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	3,500	3,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Opening balance for 2019 includes approximately \$3.5 million in certain restricted reserves.

EAST WILLISTON UNION FREE SCHOOL DISTRICT

CASH FLOW SUMMARY 2020-21 (Projected)

(General Fund Only)

(000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	7,433	5,204	4,945	741	2,459	744	19,874	16,077	13,212	8,813	7,266	19,328	7,433 a.
Receipts													
Property Taxes		2,489		2,243	3,745	23,766	910	1,304		2,563	16,545	3,204	56,769
STAR Payment							1,250						1,250
State Aid		81	768	869	8	115	11	10	301	14		63	2,239
BOCES Aid	230		265					38	152	166	2	15	868
Other Receipts	576	44	59	29	275	36	59	27	41	173	51	463	1,832
TAN Proceeds				4,000									4,000
Total Receipts	806	2,614	1,092	7,140	4,027	23,917	2,229	1,379	494	2,917	16,598	3,745	66,958
Disbursements													
Operating Expenses	2,157	2,870	5,294	5,420	5,741	4,785	5,818	4,242	3,241	4,461	4,534	9,971	58,533
Debt Service	517						207						725
Other Disbursements	361	2	2	2	2	2	2	2	1,652	2	2		2,031
TAN Principal												4,000	4,000
TAN Interest												75	75
Total Disbursements	3,035	2,872	5,296	5,422	5,743	4,787	6,027	4,244	4,893	4,463	4,536	14,046	65,364
Balance	5,204	4,945	741	2,459	744	19,874	16,077	13,212	8,813	7,266	19,328	9,027	9,027
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	796	0
Receipts	0	0	0	0	0	0	0	0	0	0	796	3,204	4,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	4,000	4,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	796	0	0

a. Opening balance for 2020 includes approximately \$3.5 million in certain restricted reserves.

EAST WILLISTON UNION FREE SCHOOL DISTRICT

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

EAST WILLISTON UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the East Williston Union Free School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the East Williston Union Free School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 14 and 51 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Williston Union Free School District's basic financial statements. The other supplementary information on pages 56 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2019 on our consideration of the East Williston Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Williston Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Williston Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 4, 2019

EAST WILLISTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The East Williston Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019 in comparison with the year ended June 30, 2018, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

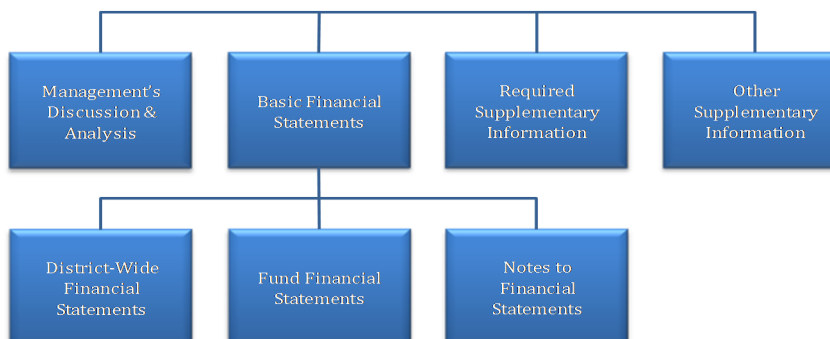
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- The District's total net position, as reflected in the district-wide financial statements (as shown on pages 15 and 16), increased by \$1,136,819. This was due to an excess of revenues over expenses based on the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements (as shown on page 16), totaled \$60,279,964. Of this amount, \$1,914,057 was offset by program charges for services and operating grants. General revenues of \$59,502,726 amount to 96.9% of total revenues, and were adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements (as shown on pages 17 and 19), decreased by \$4,051,270 to \$5,891,182. This was due to an excess of expenditures and other financing uses, which included the transfer of \$4,939,973 from the capital reserves to the capital projects fund, over revenues and other financing sources based on the current financial resources measurement focus and the modified accrual basis of accounting.
- The District's 2018-2019 budgeted property tax levy of \$54,268,930 was an increase of \$1,313,134 or 2.48% over the 2017-2018 budgeted property tax levy and was less than the property tax levy cap of 4.22%.
- In May 2019, the District's voters authorized the expenditure of \$1,019,559 from the 2015 capital reserve and \$3,920,414 from the 2016 capital reserve for various capital improvements throughout the District. The District recorded an operating transfer of \$4,939,973 to the capital project fund as of June 30, 2019.
- In May 2019, the District's voters authorized the establishment of the 2019 capital reserve fund for various capital improvements throughout the District. The new capital reserve has a maximum term of seven years and ultimate funding of \$6,500,000 plus aggregated interest. As of June 30, 2019, the District has funded \$930,584 into the reserve.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

A. District-Wide Financial Statements

The district-wide financial statements, on pages 15 and 16, present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

The fund financial statements, presented on pages 17, 19, 21 and 22, provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

Governmental Funds

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

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

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

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities, which can be found on pages 18 and 20.

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$1,136,819 between fiscal year 2019 and 2018. The increase is due to revenues in excess of expenses based on the economic measurement focus and the accrual basis of accounting. The 2018 balances for capital assets, net, and net position (deficit) were restated to reflect results of a new capital assets inventory and appraisal performed by a third-party vendor during the 2018-19 fiscal year, which reduced capital assets, net and total net position by \$84,014. See Note 9 – Capital Assets/Prior Period Adjustment on page 36 for further details. A summary of the District's Statements of Net Position follows:

	<u>June 30, 2019</u>	<u>As Restated June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets				
Current and Other Assets	\$ 19,704,064	\$ 19,362,761	\$ 341,303	1.76 %
Capital Assets, Net	22,749,053	20,960,812	1,788,241	8.53 %
Net Pension Asset - Proportionate Share	<u>2,959,774</u>	<u>1,225,526</u>	<u>1,734,248</u>	141.51 %
Total Assets	<u>45,412,891</u>	<u>41,549,099</u>	<u>3,863,792</u>	9.30 %
Deferred Outflows of Resources	<u>19,149,895</u>	<u>17,500,105</u>	<u>1,649,790</u>	9.43 %

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

	<u>June 30, 2019</u>	<u>As Restated June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Liabilities				
Current and Other Liabilities	5,407,159	4,386,214	1,020,945	23.28 %
Long-Term Liabilities	6,781,584	8,363,026	(1,581,442)	(18.91)%
Net Pension Liability -				
Proportionate Share	789,746	366,829	422,917	115.29 %
Total OPEB Obligation	<u>78,454,622</u>	<u>73,484,975</u>	<u>4,969,647</u>	6.76 %
Total Liabilities	<u>91,433,111</u>	<u>86,601,044</u>	<u>4,832,067</u>	5.58 %
 Deferred Inflows of Resources	 <u>4,238,006</u>	 <u>4,693,310</u>	 <u>(455,304)</u>	 (9.70)%
 Net Position (Deficit)				
Net Investment in Capital Assets	16,532,272	13,223,053	3,309,219	25.03 %
Restricted	9,769,339	10,224,998	(455,659)	(4.46)%
Unrestricted (Deficit)	<u>(57,409,942)</u>	<u>(55,693,201)</u>	<u>(1,716,741)</u>	(3.08)%
Total Net Position (Deficit)	<u>\$ (31,108,331)</u>	<u>\$ (32,245,150)</u>	<u>\$ 1,136,819</u>	3.53 %

Current and other assets increased by \$341,303, as compared to the prior year. The increase is primarily related to an increase in cash and due from state and federal, which was offset by a decrease in accounts receivable, due from fiduciary funds and due from other governments. See the Statement of Net Position on page 15 for a listing of all current and other assets.

Capital assets, net increased by \$1,788,241, as compared to the 2018 restated balance. This increase is due to capital asset additions in excess of depreciation. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information on page 36.

Net pension asset – proportionate share increased by \$1,734,248, as compared to the prior year. This asset represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information on page 40.

Deferred outflows of resources represents contributions to the retirement plans subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years, changes in actuarial assumptions in other postemployment benefits actuarial calculation that will be amortized in future years and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds. See the Statement of Net Position on page 15 for a listing of deferred outflows of resources.

Current and other liabilities increased by \$1,020,945, as compared to the prior year. The increase is primarily in connection with accounts payable, due to other governments and the District's liability to the teachers' retirement system for the current year's contribution at an increased contribution rate. See the Statement of Net Position on page 15 for a listing of current and other liabilities.

Long-term liabilities decreased by \$1,581,442, as compared to the prior year. This decrease is primarily the result of the repayment of the current maturity of the bond indebtedness and energy performance contract liability. The accompanying Notes to Financial Statements, Note 11 "Long-Term Liabilities" provides additional information on page 38.

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

Net pension liability – proportionate share increased by \$422,917 in the current year. This liability represents the District's share of the New York State and Local Employees' Retirement System's (ERS) collective net pension liability at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information on page 40.

Total other postemployment benefits (OPEB) obligation increased by \$4,969,647, based on the actuarial valuation for the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits", provides additional information on page 46.

Deferred inflows of resources represent actuarial adjustments of the pension plans that will be amortized in future years. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information on page 40.

The net investment in capital assets is the investment in capital assets at cost such as land; construction in progress; buildings; improvements other than buildings; and equipment, net of depreciation and related outstanding debt. This number increased over the prior year due to capital additions and principal debt reduction, net of depreciation expense during the year. The accompanying Other Supplementary Information "Net Investment in Capital Assets" provides additional information on page 58.

The restricted amount of \$9,769,339 relates to the District's reserves. This number decreased from the prior year by \$455,659, principally due to ongoing capital improvements expenditures funded by capital reserves in excess of new funding provided to the reserves. See the Statement of Net Position on page 15 for a detail of restricted reserves.

The unrestricted (deficit) amount of \$(57,409,942) relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation. This deficit increased over the prior year by \$1,716,741, primarily as a result of the unfunded addition to the OPEB liability.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities (presented on page 16) in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2019 and 2018 is as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 1,020,788	\$ 813,514	\$ 207,274	25.48 %
Operating Grants	893,269	957,070	(63,801)	(6.67)%
General Revenues				
Property Taxes and STAR	54,280,398	52,958,711	1,321,687	2.50 %
State Sources	3,830,757	3,692,049	138,708	3.76 %
Other	1,391,571	1,174,511	217,060	18.48 %
Total Revenues	<u>61,416,783</u>	<u>59,595,855</u>	<u>1,820,928</u>	3.06 %

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

	June 30, 2019	June 30, 2018	Increase (Decrease)	Percentage Change
Expenses				
General Support	7,047,248	6,767,457	279,791	4.13 %
Instruction	49,153,490	48,404,282	749,208	1.55 %
Pupil Transportation	3,009,372	2,904,544	104,828	3.61 %
Community Service	47,772	36,857	10,915	29.61 %
Debt Service - Interest	274,392	310,115	(35,723)	(11.52)%
Food Service Program	747,690	612,620	135,070	22.05 %
Total Expenses	60,279,964	59,035,875	1,244,089	2.11 %
Increase in Net Position	\$ 1,136,819	\$ 559,980	\$ 576,839	103.01 %

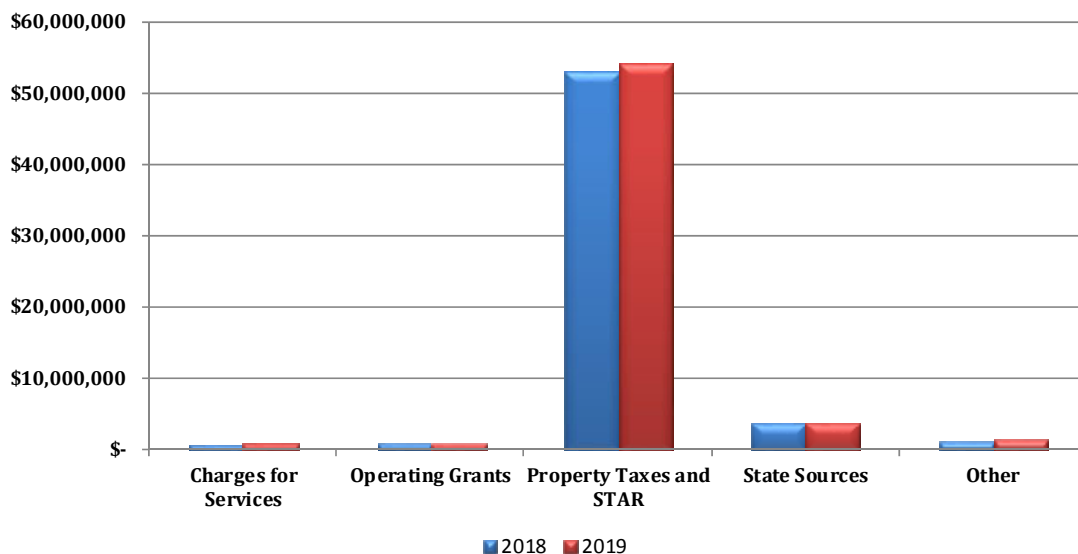
The District's net position increased by \$1,136,819 and \$559,980 for the years ended June 30, 2019 and 2018, respectively.

The District's revenues increased by \$1,820,928 or 3.06%. The major factor that contributed to the increase was the District received more property tax and STAR in the current year than during the prior year.

Total expenses on the full accrual basis increased \$1,244,089, primarily due to contractual increases in payroll.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 88.4% and 88.9% of the total for the years 2019 and 2018, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.5% and 82.0% of the total for the years 2019 and 2018, respectively).

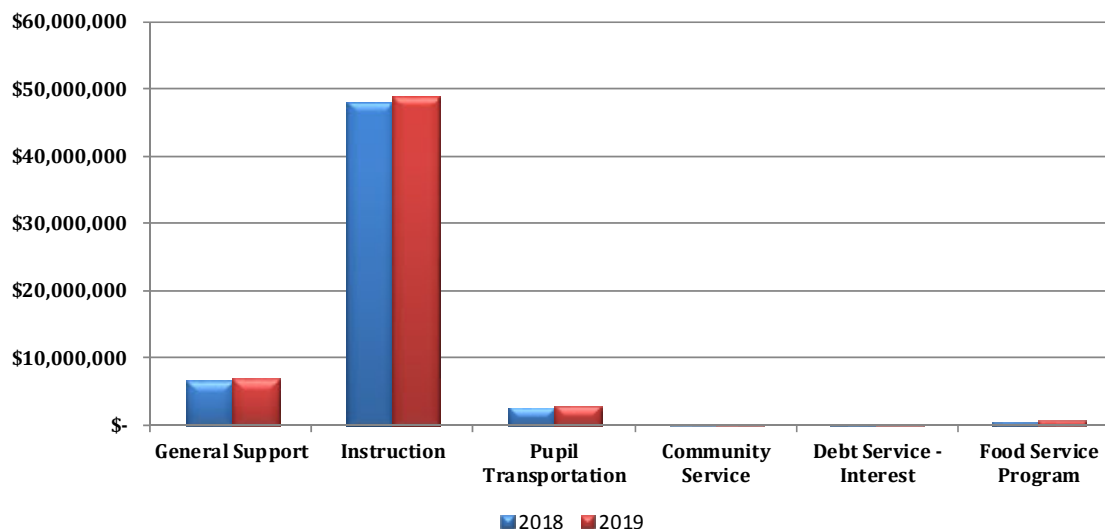
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2018	1.4%	1.6%	88.9%	6.2%	1.9%
2019	1.7%	1.5%	88.4%	6.2%	2.2%

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

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



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
2018	11.5%	82.0%	4.9%	0.1%	0.5%	1.0%
2019	11.7%	81.5%	5.0%	0.1%	0.5%	1.2%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2019, the District's governmental funds (as presented on pages 17 and 19) reported a combined fund balance of \$14,157,447, which is a decrease of \$857,137 from the prior year. This decrease is due to an excess of expenditures over revenues based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	June 30, 2019	June 30, 2018	Increase (Decrease)
General Fund			
Restricted			
Workers' compensation	\$ 25,624	\$ 25,405	\$ 219
Unemployment insurance	25,624	25,405	219
Retirement contribution			
Employees' retirement system	1,525,082	1,512,046	13,036
Employee benefit accrued liability	281,544	279,137	2,407
Capital	930,584	4,897,748	(3,967,164)
Repairs	47,933	197,203	(149,270)
Assigned:			
Appropriated fund balance	544,000	544,000	-
Unappropriated fund balance	43,202	61,225	(18,023)
Unassigned: Fund balance	2,467,589	2,400,283	67,306
	<u>5,891,182</u>	<u>9,942,452</u>	<u>(4,051,270)</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
School Food Service Fund			
Nonspendable: Inventory	\$ 1,114	\$ 1,314	\$ (200)
Assigned: Unappropriated fund balance	<u>433,301</u>	<u>576,430</u>	<u>(143,129)</u>
	<u>434,415</u>	<u>577,744</u>	<u>(143,329)</u>
Debt Service Fund			
Restricted: Debt service	<u>355,886</u>	<u>355,886</u>	<u>-</u>
Capital Projects Fund			
Restricted: Capital	6,577,062	2,932,168	3,644,894
Assigned: Unappropriated fund balance	<u>898,902</u>	<u>1,206,334</u>	<u>(307,432)</u>
	<u>7,475,964</u>	<u>4,138,502</u>	<u>3,337,462</u>
 Total Fund Balance	 <u>\$ 14,157,447</u>	 <u>\$ 15,014,584</u>	 <u>\$ (857,137)</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$4,051,270. This resulted from expenditures and other financing uses in excess of revenues and other financing sources. The restricted reserves decrease is the result of transferring \$1,019,559 from the 2015 capital reserve, \$3,920,414 from the 2016 capital reserve and \$150,000 from the repair reserve to the capital fund based on voter and board authorizations. This was offset by \$58,835 of earned interest within the reserves and the initial funding of the 2019 voter-approved capital reserve in the amount of \$930,584. The 2019 capital reserve has a funding limit of \$6,500,000 and a maximum funding term of seven years.

B. School Food Service Fund

The net change in the school food service fund – fund balance is a decrease of \$143,329, which was the net operating loss of the school food service program. The District invested in new food service equipment, flooring, and kitchen ventilation repairs as part of its SED-approved plan to spend down the school food service fund's surplus fund balance.

C. Debt Service Fund

There was no net change in the debt service fund as revenues equaled expenditures for the year.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$3,337,462. The District's general fund transferred \$6,104,012, including \$4,939,973 from the capital reserves, into the capital projects fund for various capital projects. The District expended \$2,766,550 on capital projects. This resulted in the increase in fund balance.

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The District's general fund adopted budget for the year ended June 30, 2019 was \$60,007,038. This amount was increased by encumbrances carried forward from the prior year in the amount of \$61,225 and budget revisions in the amount of \$5,095,102 for a total final budget of \$65,163,365 .

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$54,268,930 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 2,400,283
Revenues Over Budget	345,375
Expenditures and Encumbrances Under Budget	1,255,350
Allocation to Reserves	(989,419)
Appropriated to Fund the June 30, 2020 Budget	<u>(544,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 2,467,589</u></u>

Opening, Unassigned Fund Balance

The \$2,400,283 shown in the table is the portion of the District's June 30, 2018 fund balance that was retained as unassigned. This was 4% of the District's 2018-2019 approved operating budget of \$60,007,038, and was the maximum unassigned fund balance permitted by law.

Revenues Over Budget

The 2018-2019 final budget for revenues was \$59,468,168. Actual revenues recognized for the year were \$59,813,543. The excess of actual revenue over estimated or budgeted revenue was \$345,375, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019. The budget and actual comparison is presented on page 51.

Expenditures and Encumbrances Under Budget

The 2018-2019 final budget for expenditures was \$65,163,365. Actual expenditures as of June 30, 2019 were \$63,864,813 and outstanding encumbrances were \$43,202. Combined, the expenditures plus encumbrances for 2018-2019 were \$63,908,015. The final budget was under expended by \$1,255,350, or about 1.93% of the final budget. This under expenditure contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019. The budget and actual comparison is presented on page 52.

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

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The (\$989,419) shown in the previous table is made up of a transfer of \$930,584 to the new 2019 capital reserve and interest earnings of \$58,835 that were allocated to all reserves.

Appropriated Fund Balance

The District has chosen to use \$544,000 of the available June 30, 2019 unassigned fund balance to partially fund the 2019-2020 approved operating budget. As such, the June 30, 2019 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2019 was \$2,467,589. This amount equals 4.0% of the 2019-2020 budget and is at the statutory limit.

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

A. Capital Assets

At June 30, 2019, the District had invested in a broad range of capital assets, as indicated in the following table (which was derived from the accompanying Notes to the Financial Statements, Note 9 "Capital Assets" on page 36). The net increase in capital assets is due to capital additions of \$3,074,340 in excess of depreciation of \$1,286,099 recorded for the year ended June 30, 2019. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2019 is as follows:

	<u>June 30, 2019</u>	<u>As Restated June 30, 2018</u>	<u>Increase (Decrease)</u>
Land	\$ 316,600	\$ 316,600	\$ -
Construction in progress	3,199,080	432,530	2,766,550
Buildings	17,888,338	18,971,020	(1,082,682)
Improvements Other Than Buildings	376,845	425,629	(48,784)
Equipment	<u>968,190</u>	<u>815,033</u>	<u>153,157</u>
Capital assets, net	<u>\$ 22,749,053</u>	<u>\$ 20,960,812</u>	<u>\$ 1,788,241</u>

B. Debt Administration

At June 30, 2019, the District had total bonds payable of \$4,065,000 as stated in the accompanying Notes to the Financial Statements, Note 11 "Long-Term Liabilities" on page 38. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments during the year ended June 30, 2019. A summary of the outstanding debt at June 30, 2019 and 2018 is as follows:

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

<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
2009	July 2029	3.0-4.25%	\$ 1,800,000	\$ 1,930,000	\$ (130,000)
2010	July 2025	2.0-3.0%	1,245,000	1,405,000	(160,000)
2015	June 2020	2.0-4.0%	<u>1,020,000</u>	<u>2,000,000</u>	<u>(980,000)</u>
			<u>\$ 4,065,000</u>	<u>\$ 5,335,000</u>	<u>\$ (1,270,000)</u>

At June 30, 2019, the District had an energy performance contract payable of \$2,151,781 as stated in the accompanying Notes to the Financial Statements, Note 11 "Long-Term Liabilities" on page 38. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at June 30, 2019 and 2018 is as follows:

<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
2011	July 2026	3.12%	<u>\$ 2,151,781</u>	<u>\$ 2,402,759</u>	<u>\$ (250,978)</u>

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

C. Other Long-Term Liabilities

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Compensated absences payable	\$ 485,407	\$ 476,613	\$ 8,794
Net pension liability - proportionate share	789,746	366,829	422,917
Total OPEB obligation	<u>78,454,622</u>	<u>73,484,975</u>	<u>4,969,647</u>
	<u>\$ 79,729,775</u>	<u>\$ 74,328,417</u>	<u>\$ 5,401,358</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 21, 2019, for the year ending June 30, 2020, is \$61,689,714. This is an increase of \$1,682,676 or 2.80% over the previous year's budget. The increase is primarily within the instruction program area of the budget.

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

The District budgeted revenues other than property taxes and STAR at a \$331,977 increase over the prior year's estimate, which is principally due to an estimated increase in state aid and use of the debt service fund reserve. The assigned, appropriated fund balance applied to the budget in the amount of \$544,000 did not change from the previous year. An increase in property tax of \$1,350,699 or 2.49%, levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Potential future increases in costs of providing health insurance to current employees and retirees, personnel costs and impact of future bargaining units contract negotiations, the property tax cap, and uncertainty in state aid and federal funds will greatly impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2019-2020 is 3.41%. The District's 2019-2020 property tax levy of 2.49% was less than the tax cap and did not require an override vote.

D. Property Tax Relief Credit

New York State law provides a "Property Tax Relief Credit" to eligible taxpayers through the 2019-2020 school year. To be eligible, a taxpayer, based on income tax return filings for the taxable two years prior, must be a New York State resident, who owned and primarily resided in real property receiving the STAR exemption, and had adjusted gross income no greater than \$275,000. A taxpayer is ineligible for the tax credit if the real property is located in a school district that adopted a budget in excess of the tax levy limit. Eligible District taxpayers will receive a tax credit in the form of a check. The amount of the credit (check) is a function of the basic STAR savings and the taxpayer's income. This program provides an incentive for school districts to be tax cap compliant.

8. CONTACTING THE DISTRICT

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

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

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

ASSETS

Cash	
Unrestricted	\$ 7,523,687
Restricted	9,769,339
Receivables	
Accounts receivable	49,697
Due from fiduciary funds	5,600
Due from state and federal	650,717
Due from other governments	1,703,910
Inventory	1,114
Capital assets:	
Not being depreciated	3,515,680
Being depreciated, net of accumulated depreciation	19,233,373
Net pension asset - proportionate share	<u>2,959,774</u>
Total Assets	<u>45,412,891</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	1,555
Pensions	16,333,718
Other postemployment benefits	<u>2,814,622</u>
Total Deferred Outflows of Resources	<u>19,149,895</u>

LIABILITIES

Payables	
Accounts payable	1,482,642
Accrued liabilities	402,960
Due to fiduciary funds	1,930
Due to other governments	226,413
Due to teachers' retirement system	3,096,229
Due to employees' retirement system	157,643
Unearned credits	
Collections in advance	39,342
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	1,320,000
Energy performance contract payable	258,870
Compensated absences payable	20,000
Due and payable after one year	
Bonds payable, net	2,824,396
Energy performance contract payable	1,892,911
Compensated absences payable	465,407
Net pension liability - proportionate share	789,746
Total other postemployment benefits obligation	<u>78,454,622</u>
Total Liabilities	<u>91,433,111</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>4,238,006</u>
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NET POSITION (DEFICIT)

Net investment in capital assets	<u>16,532,272</u>
Restricted:	
Workers' compensation	25,624
Unemployment insurance	25,624
Retirement contribution	
Employees' retirement system	1,525,082
Employee benefit accrued liability	281,544
Capital	7,507,646
Repairs	47,933
Debt service	<u>355,886</u>
	<u>9,769,339</u>
Unrestricted (deficit)	<u>(57,409,942)</u>
Total Net Position (Deficit)	<u>\$ (31,108,331)</u>

EAST WILLISTON UNION FREE SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2019

		<u>Program Revenues</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
FUNCTIONS/PROGRAMS				
General support	\$ 7,047,248	\$	\$	\$ (7,047,248)
Instruction	49,153,490	487,050	771,407	(47,895,033)
Pupil transportation	3,009,372			(3,009,372)
Community service	47,772			(47,772)
Debt service - interest	274,392			(274,392)
Food service program	747,690	533,738	121,862	(92,090)
	<u>747,690</u>	<u>533,738</u>	<u>121,862</u>	<u>(92,090)</u>
Total Functions and Programs	<u>\$ 60,279,964</u>	<u>\$ 1,020,788</u>	<u>\$ 893,269</u>	<u>(58,365,907)</u>
GENERAL REVENUES				
Real property taxes				52,077,906
Other tax items				2,933,368
Use of money and property				268,095
Sale of property and compensation for loss				3,567
Miscellaneous				350,789
State sources				3,830,757
Medicaid reimbursement				38,244
				<u>59,502,726</u>
Total General Revenues				59,502,726
Change in Net Position				1,136,819
Total Net Position (Deficit) - Beginning of Year (as restated)				<u>(32,245,150)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (31,108,331)</u>

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 6,886,265	\$ 108,740	\$ 481,211	\$ 47,471	\$	\$ 7,523,687
Restricted	6,455,743			355,886	2,957,710	9,769,339
Receivables						
Accounts receivable	48,312		1,385			49,697
Due from other funds	394,766		5,306	810	4,935,589	5,336,471
Due from state and federal	131,704	278,821	17,957		222,235	650,717
Due from other governments	1,703,910					1,703,910
Inventory			1,114			1,114
Total Assets	<u>\$ 15,620,700</u>	<u>\$ 387,561</u>	<u>\$ 506,973</u>	<u>\$ 404,167</u>	<u>\$ 8,115,534</u>	<u>\$ 25,034,935</u>
LIABILITIES						
Payables						
Accounts payable	\$ 986,572	\$ 43,723	\$ 35,038	\$	\$ 417,309	\$ 1,482,642
Accrued liabilities	319,229	953				320,182
Due to other funds	4,943,610	340,885		48,281	25	5,332,801
Due to other governments	226,235		178			226,413
Due to teachers' retirement system	3,096,229					3,096,229
Due to employees' retirement system	157,643					157,643
Unearned credits						
Collections in advance		2,000	37,342			39,342
Total Liabilities	<u>9,729,518</u>	<u>387,561</u>	<u>72,558</u>	<u>48,281</u>	<u>417,334</u>	<u>10,655,252</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue					222,236	222,236
FUND BALANCES						
Nonspendable: Inventory			1,114			1,114
Restricted:						
Workers' compensation	25,624					25,624
Unemployment insurance	25,624					25,624
Retirement contribution						
Employees' retirement system	1,525,082					1,525,082
Employee benefit accrued liability	281,544					281,544
Capital	930,584				6,577,062	7,507,646
Repairs	47,933					47,933
Debt service				355,886		355,886
Assigned:						
Appropriated fund balance	544,000					544,000
Unappropriated fund balance	43,202		433,301		898,902	1,375,405
Unassigned: Fund balance	<u>2,467,589</u>					<u>2,467,589</u>
Total Fund Balances	<u>5,891,182</u>	<u>-</u>	<u>434,415</u>	<u>355,886</u>	<u>7,475,964</u>	<u>14,157,447</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,620,700</u>	<u>\$ 387,561</u>	<u>\$ 506,973</u>	<u>\$ 404,167</u>	<u>\$ 8,115,534</u>	<u>\$ 25,034,935</u>

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

June 30, 2019

Total Governmental Fund Balances	\$ 14,157,447
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 55,564,348	
Accumulated depreciation	<u>(32,815,295)</u>	
		22,749,053

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.	1,555
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Proportionate share of asset and liability and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net pension asset - teachers' retirement system	2,959,774	
Deferred outflows of resources	16,333,718	
Net pension liability - employees' retirement system	(789,746)	
Deferred inflows of resources	<u>(4,238,006)</u>	
		14,265,740

Total other postemployment benefits obligation and deferred outflows related to providing benefits in retirement are not a current financial resource or obligation and are not reported in the funds.

Deferred outflows of resources	2,814,622	
Total other postemployment benefits obligation	<u>(78,454,622)</u>	
		(75,640,000)

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

222,236

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

Accrued interest on bonds payable	(82,778)	
Bonds payable, net	(4,144,396)	
Energy performance contract payable	(2,151,781)	
Compensated absences payable	<u>(485,407)</u>	
		(6,864,362)

Total Net Position (Deficit)	<u><u>\$ (31,108,331)</u></u>
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EAST WILLISTON UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 52,077,906	\$	\$	\$	\$	\$ 52,077,906
Other tax items	2,933,368					2,933,368
Charges for services	487,050					487,050
Use of money and property	234,434		2,743	30,918		268,095
Sale of property and compensation for loss	3,567					3,567
Miscellaneous	177,299	9,802	7,359			194,460
State sources	3,830,757	380,996	6,676			4,218,429
Medicaid reimbursement	38,244					38,244
Federal sources		380,609	115,186			495,795
Sales			533,738			533,738
Total Revenues	59,782,625	771,407	665,702	30,918	-	61,250,652
EXPENDITURES						
General support	5,673,024					5,673,024
Instruction	33,245,810	900,695				34,146,505
Pupil transportation	2,668,498	62,036				2,730,534
Community service	37,410					37,410
Employee benefits	14,065,284					14,065,284
Debt service						
Principal				1,520,978		1,520,978
Interest	86,472			266,986		353,458
Food service program			814,046			814,046
Capital outlay					2,766,550	2,766,550
Total Expenditures	55,776,498	962,731	814,046	1,787,964	2,766,550	62,107,789
Excess (Deficiency) of Revenues Over Expenditures	4,006,127	(191,324)	(148,344)	(1,757,046)	(2,766,550)	(857,137)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in	30,918	191,324	5,015	1,787,964	6,104,012	8,119,233
Operating transfers (out)	(8,088,315)			(30,918)		(8,119,233)
Total Other Financing Sources and (Uses)	(8,057,397)	191,324	5,015	1,757,046	6,104,012	-
Net Change in Fund Balances	(4,051,270)	-	(143,329)	-	3,337,462	(857,137)
Fund Balances - Beginning of Year	9,942,452		577,744	355,886	4,138,502	15,014,584
End of Year	\$ 5,891,182	\$ -	\$ 434,415	\$ 355,886	\$ 7,475,964	\$ 14,157,447

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities

For The Year Ended June 30, 2019

Net Change in Fund Balances \$ (857,137)

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

Long-Term Revenue and Expense Differences

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

\$ 166,131

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable

(8,794)

157,337

Capital Related Differences

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

Capital outlays

3,074,340

Depreciation expense

(1,286,099)

1,788,241

Long-Term Debt Transactions Differences

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

67,702

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

Repayment of bond principal

1,270,000

Repayment of energy performance contract

250,978

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2018 to June 30, 2019.

11,364

1,600,044

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system

673,573

Employees' retirement system

(70,214)

Other postemployment benefits

(2,155,025)

(1,551,666)

Change in Net Position of Governmental Activities

\$ 1,136,819

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2019

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 367,554	\$
Restricted		77,327
Due from governmental funds	<u>1,888</u>	<u>42</u>
Total Assets	<u><u>\$ 369,442</u></u>	<u><u>77,369</u></u>
 LIABILITIES		
Extraclassroom activity balances	\$ 145,284	
Due to governmental funds	5,600	
Other liabilities	<u>218,558</u>	<u></u>
Total Liabilities	<u><u>\$ 369,442</u></u>	<u><u>-</u></u>
 NET POSITION		
Restricted for scholarships		<u><u>\$ 77,369</u></u>

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2019

	Private Purpose Trust
	<hr/>
ADDITIONS	
Gifts and contributions	\$ 622
Investment earnings - interest	<hr/> 355
Total Additions	977
DEDUCTIONS	
Scholarships and awards	<hr/> 4,500
Change in Net Position	(3,523)
Net Position - Beginning of Year	<hr/> 80,892
Net Position - End of Year	<hr/> <hr/> \$ 77,369

EAST WILLISTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Extraclassroom Activity Funds

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

B. Joint Venture

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

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

by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

E. Real Property Taxes and Other Tax Items

Calendar and STAR Aid

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected by the Town of North Hempstead and remitted to the District between November and June. New York State implemented the School Tax Relief (STAR) program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential

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

homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as Other Tax Items revenues.

Enforcement

Uncollected real property taxes are the responsibility of Nassau County.

Payments in Lieu of Taxes (PILOT)

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

F. Restricted Resources

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

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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

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

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

H. Use of Estimates

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

I. Cash and Cash Equivalents

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

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

J. Receivables

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

K. Inventory

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

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

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

L. Capital Assets

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

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

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

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

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has four items that qualify for reporting in this category. The first is the unamortized amount of deferred charges from a prior years' refunding of bonds that is being amortized as a component of interest expense on a straight-line basis through June 30, 2020. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in pension expense. The third item is the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The fourth item is related to other postemployment benefits liability changes in assumptions.

N. Collections in Advance

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

O. Deferred Inflows of Resources

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

P. Employee Benefits – Compensated Absences

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

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

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

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

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

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

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

Q. Other Benefits

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

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

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

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

R. Short-Term Debt

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

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

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

S. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

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

to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Effective April 1, 2019, a board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Repair Reserve

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

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

Restricted for Debt Service

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Donations-sponsored programs/purchases	\$ 5,130
Capital reserves transfers	4,939,972
Districtwide security initiatives funded with repair reserve	<u>150,000</u>
	<u>\$ 5,095,102</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

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

5. PARTICIPATION IN BOCES

During the year ended June 30, 2019, the District was billed \$1,813,251 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$732,639. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

6. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2019 consisted of:

General Fund	
New York State - Excess cost aid	\$ 123,590
New York State - Medicaid	8,114
	<u>131,704</u>
Special Aid Fund	
Federal and state grants	278,821
School Food Service Fund	
Federal and state food service program reimbursements	17,957
Capital Projects Fund	
New York State - Smart Schools Bond Act	<u>222,235</u>
	<u>\$ 650,717</u>

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019 consisted of:

General Fund	
Property taxes and interest - Nassau County	\$ 1,126,159
BOCES aid	334,516
Other districts - tuition and health services	59,242
Other districts- split property line	<u>183,993</u>
	<u>\$ 1,703,910</u>

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

8. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2019, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 394,766	\$ 4,943,610	\$ 30,918	\$ 8,088,315
Special Aid Fund		340,885	191,324	
School Food Service Fund	5,306		5,015	
Debt Service Fund	810	48,281	1,787,964	30,918
Capital Projects Fund	4,935,589	25	6,104,012	
Total Governmental Funds	5,336,471	5,332,801	\$ 8,119,233	\$ 8,119,233
Fiduciary Funds	1,930	5,600		
Total	\$ 5,338,401	\$ 5,338,401		

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools, and to the debt service fund and the capital projects fund in accordance with the general fund budget transfers from capital reserves in the general fund to the capital projects fund are in accordance with voters' authorization. Interfund balances are expected to be repaid within one year.

9. CAPITAL ASSETS / PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2019, the District engaged a third-party vendor to perform a physical inventory and appraisal of the District's capital assets. As a result of the inventory, it was necessary for the District to adjust the June 30, 2018 capital asset balances as follows:

	As Reported June 30, 2018	As Restated June 30, 2018	Increase (Decrease)
Governmental activities			
Capital assets not being depreciated			
Land	\$ 316,600	\$ 316,600	\$
Construction in progress	5,697,645	432,530	(5,265,115)
Total capital assets not being depreciated	6,014,245	749,130	(5,265,115)
Capital assets being depreciated			
Buildings and improvements	43,087,204	48,261,479	5,174,275
Site improvements	1,049,659	1,075,523	25,864
Furniture and equipment	2,811,623	2,454,896	(356,727)
Total capital assets being depreciated	46,948,486	51,791,898	4,843,412

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

	As Reported June 30, 2018	As Restated June 30, 2018	Increase (Decrease)
Less accumulated depreciation for:			
Buildings and improvements	\$ 29,080,400	\$ 29,290,459	\$ 210,059
Site improvements	684,260	649,894	(34,366)
Furniture and equipment	2,153,245	1,639,863	(513,382)
Total accumulated depreciation	<u>31,917,905</u>	<u>31,580,216</u>	<u>(337,689)</u>
 Total capital assets, being depreciated, net	 <u>15,030,581</u>	 <u>20,211,682</u>	 <u>5,181,101</u>
 Capital assets, net	 <u><u>\$ 21,044,826</u></u>	 <u><u>\$ 20,960,812</u></u>	 <u>(84,014)</u>
 Total Net Position - Beginning of Year			
As originally stated			<u>(32,161,136)</u>
As restated			<u><u>\$ (32,245,150)</u></u>

Capital asset balances and activities for the year ended June 30, 2019 were as follows:

	Restated Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	\$ 316,600	\$	\$	\$ 316,600
Construction in progress	432,530	2,766,550		3,199,080
Total capital assets not being depreciated	<u>749,130</u>	<u>2,766,550</u>	<u>-</u>	<u>3,515,680</u>
Capital assets being depreciated				
Buildings	48,261,479			48,261,479
Improvements Other Than Buildings	1,075,523			1,075,523
Equipment	2,454,896	307,790	(51,020)	2,711,666
Total capital assets being depreciated	<u>51,791,898</u>	<u>307,790</u>	<u>(51,020)</u>	<u>52,048,668</u>
Less accumulated depreciation for:				
Buildings	29,290,459	1,082,682		30,373,141
Improvements Other Than Buildings	649,894	48,784		698,678
Equipment	1,639,863	154,633	(51,020)	1,743,476
Total accumulated depreciation	<u>31,580,216</u>	<u>1,286,099</u>	<u>(51,020)</u>	<u>32,815,295</u>
 Total capital assets, being depreciated, net	 <u>20,211,682</u>	 <u>(978,309)</u>	 <u>-</u>	 <u>19,233,373</u>
 Capital assets, net	 <u><u>\$ 20,960,812</u></u>	 <u><u>\$ 1,788,241</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 22,749,053</u></u>

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

Depreciation expense was charged to governmental functions as follows:

General support	\$ 106,775
Instruction	1,158,119
Pupil transportation	<u>21,205</u>
Total depreciation expense	<u><u>\$ 1,286,099</u></u>

10. SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2019</u>
TAN	6/25/2019	2.75%	<u>\$</u>	<u>\$ 4,000,000</u>	<u>\$ (4,000,000)</u>	<u>\$</u>

Interest on short-term debt for the year was \$62,390, net of a premium of \$24,082, to yield an effective interest rate of 1.97%.

11. LONG-TERM LIABILITIES

A. Changes

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

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
<u>Long-term debt:</u>					
Bonds payable	\$ 5,335,000	\$	\$ (1,270,000)	\$ 4,065,000	\$ 1,320,000
Add: Premium on advance refunding	<u>148,654</u>		<u>(69,258)</u>	<u>79,396</u>	<u>-</u>
	5,483,654	-	(1,339,258)	4,144,396	1,320,000
 Energy performance contract	<u>2,402,759</u>		<u>(250,978)</u>	<u>2,151,781</u>	<u>258,870</u>
	7,886,413	-	(1,590,236)	6,296,177	1,578,870
 <u>Other long-term liabilities</u>					
Compensated absences	<u>476,613</u>	<u>8,794</u>		<u>485,407</u>	<u>20,000</u>
	<u><u>\$ 8,363,026</u></u>	<u><u>\$ 8,794</u></u>	<u><u>\$ (1,590,236)</u></u>	<u><u>\$ 6,781,584</u></u>	<u><u>\$ 1,598,870</u></u>

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

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2019
District-wide improvements	2009	July 2029	3.0-4.25%	\$ 1,800,000
District-wide improvements	2010	July 2025	2.0-3.0%	1,245,000
Refunding 2005	2015	June 2020	2.0-4.0%	<u>1,020,000</u>
				<u>\$ 4,065,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,320,000	\$ 146,109	\$ 1,466,109
2021	305,000	95,581	400,581
2022	315,000	84,856	399,856
2023	325,000	73,781	398,781
2024	340,000	62,281	402,281
2025 - 2029	1,260,000	149,003	1,409,003
2030	<u>200,000</u>	<u>4,250</u>	<u>204,250</u>
Total	<u>\$ 4,065,000</u>	<u>\$ 615,861</u>	<u>\$ 4,680,861</u>

C. Advance Refunding

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

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2020	\$ 1,555	\$ (69,258)	\$ (67,703)
2021		(2,029)	(2,029)
2022		(2,029)	(2,029)
2023		(2,029)	(2,029)
2024		(2,029)	(2,029)
2025		<u>(2,022)</u>	<u>(2,022)</u>
Total	<u>\$ 1,555</u>	<u>\$ (79,396)</u>	<u>\$ (77,841)</u>

D. Energy Performance Contract

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2019
Energy performance contract	2011	July 2026	3.12%	<u>\$ 2,151,781</u>

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 258,870	\$ 65,132	\$ 324,002
2021	267,010	56,992	324,002
2022	275,405	48,597	324,002
2023	284,065	39,937	324,002
2024	292,997	21,005	314,002
2025 - 2027	<u>773,434</u>	<u>36,570</u>	<u>810,004</u>
Total	<u>\$ 2,151,781</u>	<u>\$ 268,233</u>	<u>\$ 2,420,014</u>

E. Interest Expense

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

Interest paid	\$ 266,986
Less interest accrued in the prior year	(94,142)
Plus interest accrued in the current year	82,778
Less amortization of deferred amounts on refunding	<u>(67,702)</u>
Total interest expense on long-term debt	<u>\$ 187,920</u>

12. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2018. The District's average contribution rate was 14.86% of covered payroll for the ERS' fiscal year ended March 31, 2019.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2019 was \$2,922,046 for TRS, at a contribution rate of 10.62%, and \$575,734 for ERS, at an average contribution rate of 15.00%.

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

At June 30, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2018, for TRS and March 31, 2019 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District:

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

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
District's proportionate share of the net pension asset/(liability)	\$ 2,959,774	\$ (789,746)
District's portion of the Plan's total net pension asset/(liability)	0.1636800%	0.0111463%
Change in proportion since the prior measurement date	0.0024480	(0.0002196)

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$2,249,830 for TRS and \$517,257 for ERS. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 2,211,815	\$ 155,518	\$ 400,646	\$ 53,014
Changes of assumptions	10,346,351	198,510		
Net difference between projected and actual earnings on pension plan investments			3,285,574	202,693
Changes in proportion and differences between the District's contributions and proportionate share of contributions	35,066	306,769	278,609	17,470
District's contributions subsequent to the measurement date	2,922,046	157,643		
Total	<u>\$ 15,515,278</u>	<u>\$ 818,440</u>	<u>\$ 3,964,829</u>	<u>\$ 273,177</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2020	\$ 2,919,440	\$ 281,768
2021	1,966,963	(69,407)
2022	165,179	43,310
2023	1,959,990	131,949
2024	1,325,188	
Thereafter	291,643	
	<u>\$ 8,628,403</u>	<u>\$ 387,620</u>

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

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Inflation	2.25%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.25%	7.00%
Cost of living adjustments	1.50%	1.30%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

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

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2018		March 31, 2019
Asset type				
Domestic equity	33.0%	5.80%	36.0%	4.55%
International equity	16.0%	7.30%	14.0%	6.35%
Global Equity	4.0%	6.70%		
Real estate	11.0%	4.90%	10.0%	5.55%
Private equities	8.0%	8.90%	10.0%	7.50%
Alternatives investments			8.0%	3.75-5.68%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.50%		
Bonds and mortgages	8.0%	2.80 - 6.80%	17.0%	1.31%
Short-term	1.0%	0.30%		
Cash			1.0%	(0.25)%
Inflation indexed bonds			4.0%	1.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.3% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25% for TRS and 6.0% for ERS) or 1 percentage point higher (8.25% for TRS and 8.0% for ERS) than the current rate:

EAST WILLISTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	1% Decrease (6.25)%	Current Assumption (7.25)%	1% Increase (8.25)%
TRIS			
District's proportionate share of the net pension asset (liability)	<u>\$ (20,334,129)</u>	<u>\$ 2,959,774</u>	<u>\$ 22,473,591</u>
	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (3,452,897)</u>	<u>\$ (789,746)</u>	<u>\$ 1,447,489</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:

	TRIS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2018	March 31, 2019
Employers' total pension liability	\$ (118,107,254)	\$ (189,803,429)
Plan fiduciary net position	<u>119,915,518</u>	<u>182,718,124</u>
Employers' net pension asset/(liability)	<u>\$ 1,808,264</u>	<u>\$ (7,085,305)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	101.53%	96.27%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019, are paid to the system in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019, represent employer and employee contributions for the fiscal year ended June 30, 2019, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2019 amounted to \$2,922,046 of employer contributions and \$174,183 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2019, represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$157,643 of employer contributions. Employee contributions are remitted monthly.

EAST WILLISTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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13. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2019, totaled \$14,000 and \$1,818,415, 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, 2019 totaled \$284,520.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB to retired employees in accordance with various employment contracts. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	209
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>300</u>
	<u><u>509</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$78,454,622 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. Update procedures were used by the actuary to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2019 actuarial valuation update was determined using the following actuarial assumptions and other inputs including expected participation rate and aging factor, applied to all periods included in the measurement, unless otherwise specified:

EAST WILLISTON UNION FREE SCHOOL DISTRICT
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Salary increases	3.00%	average, including inflation
Discount rate	3.50%	
Healthcare cost trend rates	8.00%	for 2019, decreasing to an ultimate rate of 5.00% by 2025
Retirees' share of benefit-related costs	18-30.00%	of projected health insurance premiums for retirees

The discount rate was based on an average of three 20-year bond indices as of March 29, 2019.

Mortality rates were based on the NYSLRS actuarial experience study, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' Scale RP-2014.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 73,484,975</u>
Changes for the year	
Service cost	1,075,434
Interest	2,648,503
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	3,127,358
Benefit payments	<u>(1,881,648)</u>
Balance at June 30, 2019	<u><u>\$ 78,454,622</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.70% in 2018 to 3.50% in 2019.

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 (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

OPEB	1% Decrease (2.50)%	Discount Rate (3.50)%	1% Increase (4.50)%
Total OPEB liability	<u>\$ (97,676,303)</u>	<u>\$ (78,454,622)</u>	<u>\$ (64,579,965)</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 (7.00%) or 1 percentage point higher (9.00%) than the current healthcare cost trend rate:

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

	1% Decrease (7.0% decreasing to 4.0)%	Healthcare Cost Trend Rates (8.0% decreasing to 5.0)%	1% Increase (9.0% decreasing to 6.0)%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (63,511,398)</u>	<u>\$ (78,454,622)</u>	<u>\$ (100,501,069)</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$4,063,673. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	2,814,622	
District's contributions subsequent to the measurement date		
Total	<u>\$ 2,814,622</u>	<u>\$ -</u>

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

<u>Year Ended</u>	<u>Amount</u>
2020	\$ 312,736
2021	312,736
2022	312,736
2023	312,736
2024	312,736
Thereafter	<u>1,250,942</u>
	<u>\$ 2,814,622</u>

15. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

The District participates in the New York State Public Schools Statewide Workers' Compensation Trust (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public

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

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

During the year ended June 30, 2019, the District's contribution to the Workers' Compensation Plan was \$338,640. According to the Plan's actuary, the Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2019, discounted at 2.0%, was \$26,393,880. Information on Plan assets at June 30, 2019, was unavailable as of the date of the auditor's report on the District's financial statements. As of June 30, 2018, the Workers' Compensation Plan's total liability for unbilled and open claims discounted at 2.0% was \$26,002,936, with \$20,501,285 in Plan assets. The Workers' Compensation Plan did not levy additional assessments during the 2018-2019 plan year. If the District leaves the Workers' Compensation Plan or if the Plan is terminated, the District will be liable for its open claims at that time. At June 30, 2019, the District's allocated share of unbilled and open claims, discounted at 2.0%, were \$858,659.

16. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$544,000 has been appropriated to reduce taxes for the year ending June 30, 2020.

17. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2019, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	<u>\$ 827,369</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	29,372
Instruction	<u>13,830</u>
	<u>43,202</u>
Capital Projects Fund	
Capital projects	<u>221,044</u>
	<u><u>\$ 1,091,615</u></u>

B. Grants

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

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

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$271,133. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 248,697
2021	244,018
2022	233,722
2023	<u>5,231</u>
	<u><u>\$ 731,668</u></u>

18. SUBSEQUENT EVENTS

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

Issuance of TANs

The District expects to issue up to \$3,500,000 of tax anticipation notes in October 2019. The anticipated maturity date will be at the end of June 2020.

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 54,268,930	\$ 52,066,438	\$ 52,077,906	\$ 11,468
Other tax items	689,750	2,892,242	2,933,368	41,126
Charges for services	354,000	354,000	487,050	133,050
Use of money and property	122,500	122,500	234,434	111,934
Sale of property and compensation for loss			3,567	3,567
Miscellaneous	108,000	113,130	177,299	64,169
Total Local Sources	55,543,180	55,548,310	55,913,624	365,314
State Sources	3,894,858	3,894,858	3,830,757	(64,101)
Medicaid Reimbursement	25,000	25,000	38,244	13,244
Total Revenues	59,463,038	59,468,168	59,782,625	314,457
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	30,918	30,918
Total Revenues and Other Sources	59,463,038	59,468,168	59,813,543	\$ 345,375
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	544,000	544,000		
Prior Year's Encumbrances	61,225	61,225		
Appropriated Reserves		5,089,972		
Total Appropriated Fund Balance	605,225	5,695,197		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 60,068,263	\$ 65,163,365		

Note to Required Supplementary Information

Budget Basis of Accounting

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

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 69,251	\$ 76,055	\$ 63,933	\$	\$ 12,122
Central administration	344,462	366,930	365,628		1,302
Finance	820,486	867,394	846,789		20,605
Staff	301,305	482,446	475,215		7,231
Central services	3,525,151	3,297,122	3,166,271	29,372	101,479
Special items	781,203	755,189	755,188		1
Total General Support	5,841,858	5,845,136	5,673,024	29,372	142,740
Instruction					
Administration & improvement	2,829,326	3,137,982	3,086,644		51,338
Teaching - regular school	19,339,547	19,223,931	18,980,183	10,662	233,086
Programs for students with disabilities	6,603,310	6,507,438	6,269,057		238,381
Occupational education	14,000	14,000			14,000
Instructional media	1,585,628	1,655,190	1,631,729	3,031	20,430
Pupil services	3,308,885	3,353,591	3,278,197	137	75,257
Total Instruction	33,680,696	33,892,132	33,245,810	13,830	632,492
Pupil Transportation	2,806,808	2,721,576	2,668,498		53,078
Community Services	33,000	37,815	37,410		405
Employee Benefits	14,680,500	14,491,919	14,065,284		426,635
Debt Service - Interest	80,000	86,472	86,472		-
Total Expenditures	57,122,862	57,075,050	55,776,498	43,202	1,255,350
OTHER USES					
Operating Transfers Out	2,945,401	8,088,315	8,088,315		-
Total Expenditures and Other Uses	<u>\$ 60,068,263</u>	<u>\$ 65,163,365</u>	<u>63,864,813</u>	<u>\$ 43,202</u>	<u>\$ 1,255,350</u>
Net Change in Fund Balance			(4,051,270)		
Fund Balance - Beginning of Year			9,942,452		
Fund Balance - End of Year			<u>\$ 5,891,182</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

Teachers' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.1636800%	0.1612320%	0.1598410%	0.1585410%	0.1581360%
District's proportionate share of the net pension asset/(liability)	\$ 2,959,774	\$ 1,225,526	\$ (1,711,966)	\$ 16,467,330	\$ 17,615,341
District's covered payroll	\$ 27,207,385	\$ 25,981,630	\$ 25,171,526	\$ 24,277,304	\$ 23,893,857
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.88 %	4.72 %	(6.80)%	67.83 %	73.72 %
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0111463%	0.0113659%	0.0115905%	0.0113347%	0.0114235%
District's proportionate share of the net pension liability	\$ (789,746)	\$ (366,829)	\$ (1,089,065)	\$ (1,819,257)	\$ (385,914)
District's covered payroll	\$ 3,959,730	\$ 3,904,077	\$ 3,910,677	\$ 3,841,523	\$ 3,666,284
District's proportionate share of the net pension liability as a percentage of its covered payroll	(19.94)%	(9.40)%	(27.85)%	(47.36)%	(10.53)%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Note to Required Supplementary Information

Teachers' Retirement System

The discount rate decreased from 8.0% to 7.5% to 7.25%, as reflected in 2016, 2017 and 2018 above.

Employees' Retirement System

The discount rate decreased from 7.5% to 7.0% as reflected in 2015 and 2016 above.

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

Teachers' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 2,922,046	\$ 2,612,847	\$ 2,990,188	\$ 3,265,484	\$ 4,159,136	\$ 3,801,932	\$ 2,914,943	\$ 2,694,880	\$ 2,104,933	\$ 1,425,288
Contributions in relation to the contractually required contribution	<u>2,922,046</u>	<u>2,612,847</u>	<u>2,990,188</u>	<u>3,265,484</u>	<u>4,159,136</u>	<u>3,801,932</u>	<u>2,914,943</u>	<u>2,694,880</u>	<u>2,104,933</u>	<u>1,425,288</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	\$ 28,031,884	\$ 27,207,385	\$ 25,981,630	\$ 25,171,526	\$ 24,277,304	\$ 23,893,857	\$ 25,205,086	\$ 24,429,966	\$ 24,529,859	\$ 23,983,563
Contributions as a percentage of covered payroll	10%	10%	12%	13%	17%	16%	12%	11%	9%	6%

Employees' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 575,734	\$ 625,184	\$ 576,882	\$ 616,968	\$ 618,139	\$ 834,263	\$ 711,575	\$ 614,174	\$ 464,906	\$ 339,482
Contributions in relation to the contractually required contribution	<u>575,734</u>	<u>625,184</u>	<u>576,882</u>	<u>616,968</u>	<u>618,139</u>	<u>834,263</u>	<u>711,575</u>	<u>614,174</u>	<u>464,906</u>	<u>339,482</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	\$ 3,966,428	\$ 3,935,901	\$ 3,898,148	\$ 3,771,549	\$ 3,768,776	\$ 3,809,103	\$ 3,993,406	\$ 3,898,275	\$ 3,916,943	\$ 3,871,740
Contributions as a percentage of covered payroll	15%	16%	15%	16%	16%	22%	18%	16%	12%	9%

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 1,075,434	\$ 1,003,658
Interest	2,648,503	2,621,656
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	3,127,358	-
Benefit payments	<u>(1,881,648)</u>	<u>(1,991,787)</u>
Net change in total OPEB liability	4,969,647	1,633,527
Total OPEB liability, beginning	<u>73,484,975</u>	<u>71,851,448</u>
Total OPEB liability, ending	<u><u>\$ 78,454,622</u></u>	<u><u>\$ 73,484,975</u></u>
 Covered employee payroll	 \$ 31,852,013	 \$ 30,880,713
Total OPEB liability as a percentage of covered employee payroll	246.31%	237.96%

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

Note to Required Supplementary Information

The discount rate decreased from 3.70% to 3.50% as reflected in the 2018 and 2019 above.

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 60,007,038
Additions:	
Prior year's encumbrances	<u>61,225</u>
Original Budget	60,068,263
Budget revisions	<u>5,095,102</u>
Final Budget	<u><u>\$ 65,163,365</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 voter-approved expenditure budget	<u><u>\$ 61,689,714</u></u>
Maximum allowed (4% of 2019-2020 budget)	<u><u>\$ 2,467,589</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 587,202
Unassigned fund balance	<u>2,467,589</u>
	\$ 3,054,791
Less:	
Appropriated fund balance	544,000
Encumbrances	<u>43,202</u>
Total adjustments	<u>587,202</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 2,467,589</u></u>
Actual Percentage	4.0%

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For The Year Ended June 30, 2019

PROJECT TITLE	Expenditures		Methods of Financing				Fund				
	Budget June 30, 2018	Budget June 30, 2019	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2019
2012/13 capital improvements	\$ 340,800	\$ 340,800	\$ 321,857	\$	\$ 321,857	\$ 18,943	\$	\$	\$ 340,800	\$ 340,800	\$ 18,943
2013/14 capital improvements	525,510	525,510	415,071	483	415,554	109,956			525,510	525,510	109,956
2013 capital reserve project - Phase I	1,000,000	1,000,000	969,146	2,670	971,816	28,184			1,000,000	1,000,000	28,184
2013 capital reserve project - Phase II	2,005,619	2,005,619	2,005,619		2,005,619	-			2,005,619	2,005,619	-
2014/15 capital improvements	525,510	525,510	416,984		416,984	108,526			525,510	525,510	108,526
2015/16 capital improvements	573,550	573,550	408,246	130,415	538,661	34,889			573,550	573,550	34,889
2015 capital reserve project - Phase I	2,500,000	2,500,000	417,084	1,189,458	1,606,542	893,458			2,500,000	2,500,000	893,458
2015 capital reserve project - Phase II		1,019,558		4,155	4,155	1,015,403			1,019,558	1,019,558	1,015,403
2016 capital reserve project - Phase I	1,000,000	1,000,000	181,602	162,547	344,149	655,851			1,000,000	1,000,000	655,851
2016 capital reserve project - Phase II		3,920,414		86,249	86,249	3,834,165			3,920,414	3,920,414	3,834,165
2016/17 capital improvements	626,314	626,314	78,203	251,193	329,396	296,918			626,314	626,314	296,918
2017/18 capital improvements	800,040	800,040	545,029	12,367	557,396	242,644			800,040	800,040	242,644
2018/19 repair reserve		150,000			-	150,000			150,000	150,000	150,000
2018/19 capital improvements		1,014,040		704,777	704,777	309,263			1,014,040	1,014,040	309,263
Smart schools bond act		222,236		222,236	222,236	-		222,236		222,236	-
Totals	\$ 9,897,343	\$ 16,223,591	\$ 5,758,841	\$ 2,766,550	\$ 8,525,391	\$ 7,698,200	\$ -	\$ 222,236	\$ 16,001,355	\$ 16,223,591	7,698,200
Less: State aid not yet received											(222,236)
											\$ 7,475,964

EAST WILLISTON UNION FREE SCHOOL DISTRICT
Net Investment in Capital Assets
June 30, 2019

Capital assets, net	<u>\$ 22,749,053</u>
Deduct:	
Short-term portion of bonds payable	1,320,000
Long-term portion of bonds payable	2,745,000
Short-term portion of energy performance contract payable	258,870
Long-term portion of energy performance contract payable	<u>1,892,911</u>
	<u>6,216,781</u>
Net Investment in Capital Assets	<u><u>\$ 16,532,272</u></u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the East Williston Union Free School District (District), as of and for the year ended June 30, 2019, 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 4, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the East Williston Union Free School District in a separate letter dated October 4, 2019.

Purpose of this Report

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

Cullen & Danowski, LLP

October 4, 2019

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

October 1, 2020

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

Ladies and Gentlemen:

We have acted as Bond Counsel to East Williston Union Free School District (the “School District”), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$4,000,000 Tax Anticipation Notes for 2020-2021 Taxes (the “Note”), dated and delivered the date hereof.

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

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

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon subject to certain statutory limitations. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

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

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of

the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the East Williston Union Free School District, in the County of Suffolk, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of October 1, 2020.

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

“Securities” shall mean the Issuer’s \$4,000,000 Tax Anticipation Notes for 2020-2021 Taxes, dated October 1, 2020, maturing on June 25, 2021, and delivered on the date hereof.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **October 1, 2020**.

EAST WILLISTON UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education