

**WANTAGH UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

WANTAGH UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wantagh Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Wantagh Union Free School District as of and for the fiscal 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 14 and 56 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the Wantagh Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wantagh 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 Wantagh Union Free School District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 10, 2019

WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The Wantagh Union Free School District's (the "District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. 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, decreased by \$3,668,417.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$81,889,072. Of this amount, \$1,802,164 was offset by operating grants and program charges for services. General revenues of \$76,418,491 amount to 97.6% of total revenues.
- The general fund's total fund balance, as reflected in the Fund Financial Statements on pages 17 and 19, decreased by \$2,596,845 to \$6,198,663. This was due to an excess of expenditures and other financing uses over revenues based on the modified accrual basis of accounting.
- The District received operating grants of \$1,247,405 to support instructional and food service programs.
- Federal and state aid recorded in the general fund increased by \$231,738 to \$16,937,985 in 2019 from \$16,706,247 in 2018.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

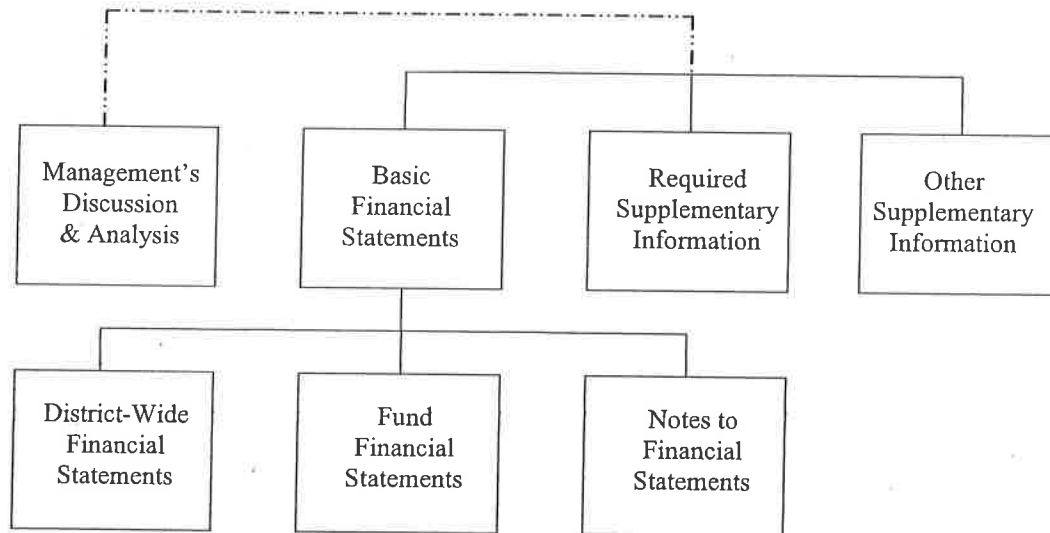
This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the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

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

WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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



**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

A) District-Wide Financial Statements:

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

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

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

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

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

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

WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B) Fund Financial Statements:

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

The District has two kinds of funds:

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position:

The District's total net deficit increased \$3,668,417 in the fiscal year ended June 30, 2019 as detailed in Table A-3.

**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

	2019	2018	Increase (Decrease)	Percentage Change
Current and other assets	\$ 15,825,451	\$ 17,814,066	\$ (1,988,615)	(11.16%)
Capital assets, net	49,390,382	49,172,009	218,373	0.44%
Net pension asset - proportionate share - teachers' retirement system	3,803,273	1,621,830	2,181,443	134.51%
Deferred outflows of resources	25,882,081	24,063,443	1,818,638	7.56%
Total Assets and Deferred Outflows of Resources	94,901,187	92,671,348	2,229,839	2.41%
Current and other liabilities	6,937,962	5,916,507	1,021,455	17.26%
Long-term liabilities	147,228,384	161,598,030	(14,369,646)	(8.89%)
Deferred inflows of resources	26,589,865	7,343,418	19,246,447	262.09%
Total Liabilities and Deferred Inflows of Resources	180,756,211	174,857,955	5,898,256	3.37%
Net position				
Net investment in capital assets	31,528,093	28,554,779	2,973,314	10.41%
Restricted	6,175,540	7,192,279	(1,016,739)	(14.14%)
Unrestricted (deficit)	(123,558,657)	(117,933,665)	(5,624,992)	(4.77%)
Total Net Position (Deficit)	\$ (85,855,024)	\$ (82,186,607)	\$ (3,668,417)	(4.46%)

Current and other assets decreased by \$1,988,615 from the prior year primarily due to decreases in the District's cash balances offset by an increase in due from the fiduciary fund.

Capital assets (net of depreciation) increased by \$218,373. This was primarily district-wide capital additions offset by current year depreciation.

Net pension asset –proportionate share provided by the teachers' retirement system increased by \$2,181,443, as compared to last year as a result of the actuarial valuation provided by the state.

Deferred outflows of resources increased by \$1,818,638, as compared to the prior year. The changes in deferred outflows represent amortization of pension related items as discussed in Note 12 and the District's contribution subsequent to the measurement date, as well as deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 13 and the amortization of deferred charges from advance refunding of bonds, as discussed in Note 11.

Current and other liabilities increased by \$1,021,455. This was primarily due to an increase in accounts payable, accrued liabilities, due to other governments and due to teachers' retirement system offset by a decrease in compensated absences.

Long-term liabilities decreased by \$14,369,646 which was primarily attributable to a decrease in the total other post-employment benefit obligation, workers' compensation claims payable, compensated absences payable and current year principal payments on debt offset by an increase in net pension liability - proportionate share-employees' retirement system.

The increase of \$19,246,447 in deferred inflows of resources represent the amortization of premium received on an advance refunding of bonds, as discussed in Note 11, amortization of pension related items as discussed in Note 12, and deferred inflows related to other post-employment benefits obligation, as discussed in Note 13.

**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The net investment in capital assets portion of the District's net position is calculated by subtracting the amount of outstanding debt net of unspent proceeds but including the deferred inflows on the advance refunding used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations. This number increased from the prior year by \$2,973,314 due to an increase in capital outlay and a reduction in related debt offset by depreciation.

The restricted net position at June 30, 2019, relates to the District's reserve funds established for a specific purpose. Restricted net position decreased by \$1,016,739 primarily due to a decrease in the capital reserve, workers' compensation and employee benefit accrued liability.

The unrestricted net deficit at June 30, 2019 of (\$123,558,657) relates to the balance of the District's net position. The unrestricted net deficit increased by \$5,624,992.

B. Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2019 and 2018 is as follows:

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 554,759	\$ 630,544	\$ (75,785)	(12.02%)
Operating grants	1,247,405	1,291,505	(44,100)	(3.41%)
General Revenues				
Real property taxes and other tax items	58,762,303	57,143,795	1,618,508	2.83%
State and federal sources	16,937,985	16,706,247	231,738	1.39%
Other	718,203	697,129	21,074	3.02%
Total Revenues	<u>78,220,655</u>	<u>76,469,220</u>	<u>1,751,435</u>	2.29%
Expenses				
General support	10,836,804	10,689,389	147,415	1.38%
Instruction	66,158,678	68,819,460	(2,660,782)	(3.87%)
Pupil transportation	3,650,001	3,301,743	348,258	10.55%
Debt service-unallocated interest	587,953	592,763	(4,810)	(0.81%)
Food service program	655,636	722,588	(66,952)	(9.27%)
Total Expenses	<u>81,889,072</u>	<u>84,125,943</u>	<u>(2,236,871)</u>	(2.66%)
Total Change in Net Position	<u>\$ (3,668,417)</u>	<u>\$ (7,656,723)</u>	<u>\$ 3,988,306</u>	(52.09%)

WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

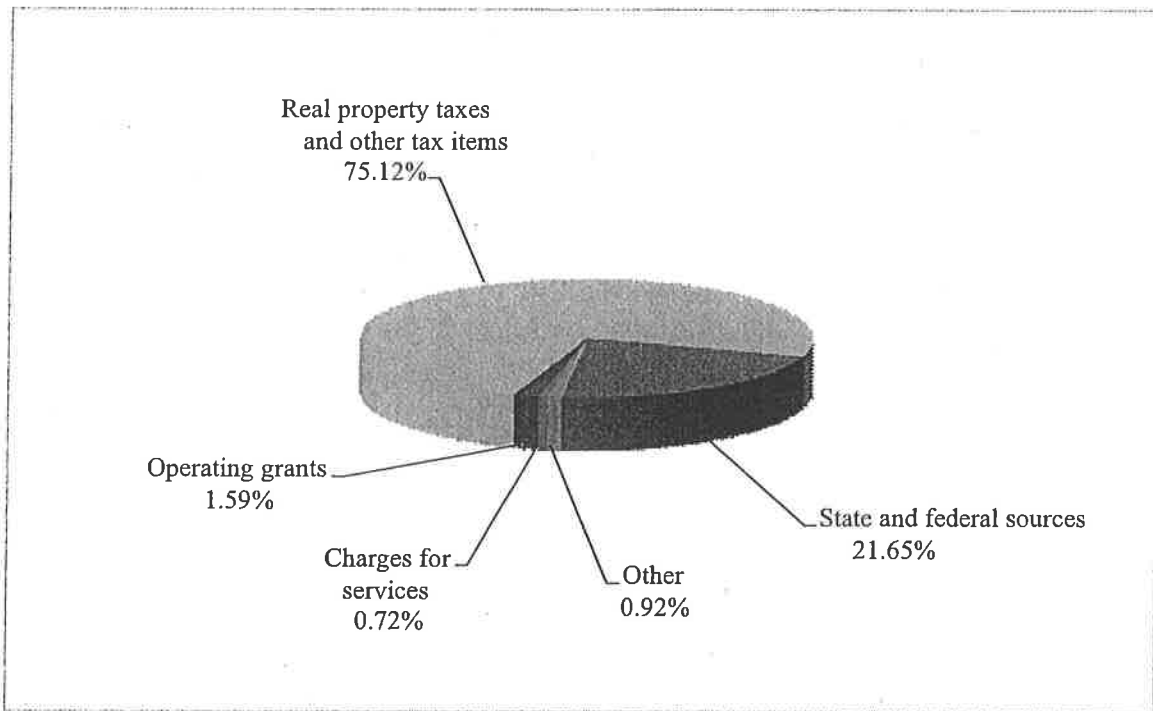
The District's revenues increased by 2.29% in 2019 or \$1,751,435. The major factors that contributed to the increase were:

- Charges for services decreased by \$75,785 or 12.02% from the prior year.
- Real property taxes and other tax item revenues increased by \$1,618,508 or 2.83% from the prior year.
- The District's state and federal sources increased by \$231,738 or 1.39%.

The District's expenses for the year decreased by \$2,236,871 or 2.66%. This was primarily attributable to a decrease in instruction offset by an increase in pupil transportation.

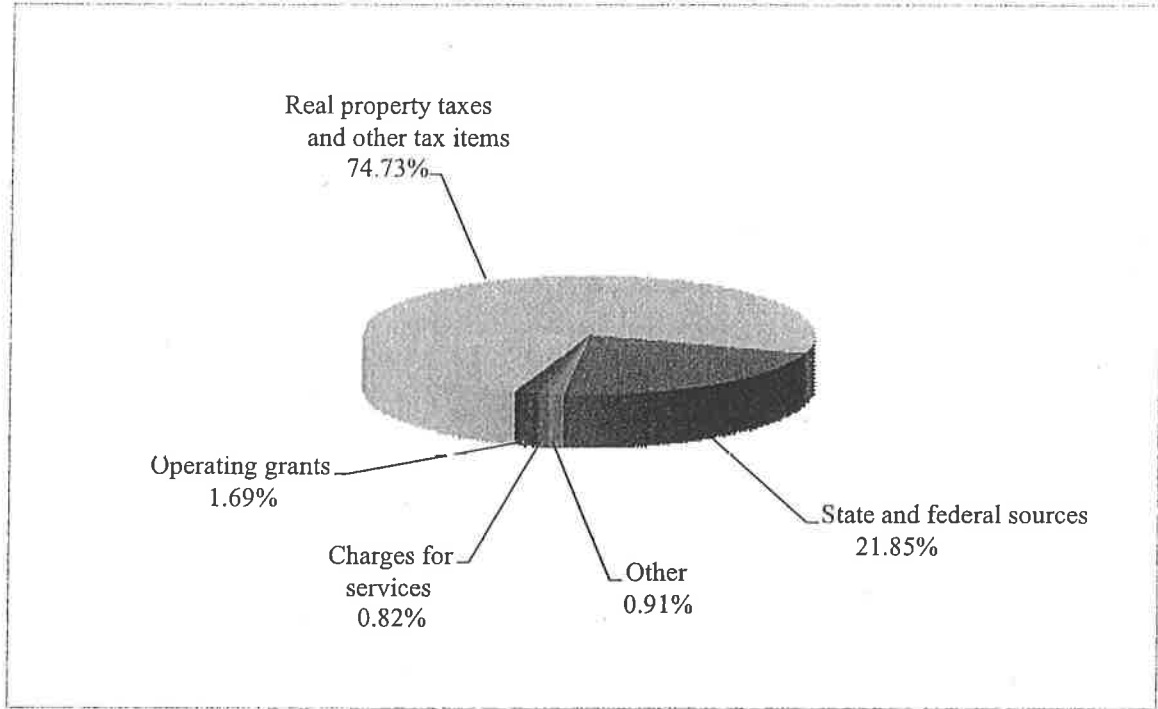
A graphic display of the distribution of revenues for the two years follows:

For the Fiscal Year Ended June 30, 2019



WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

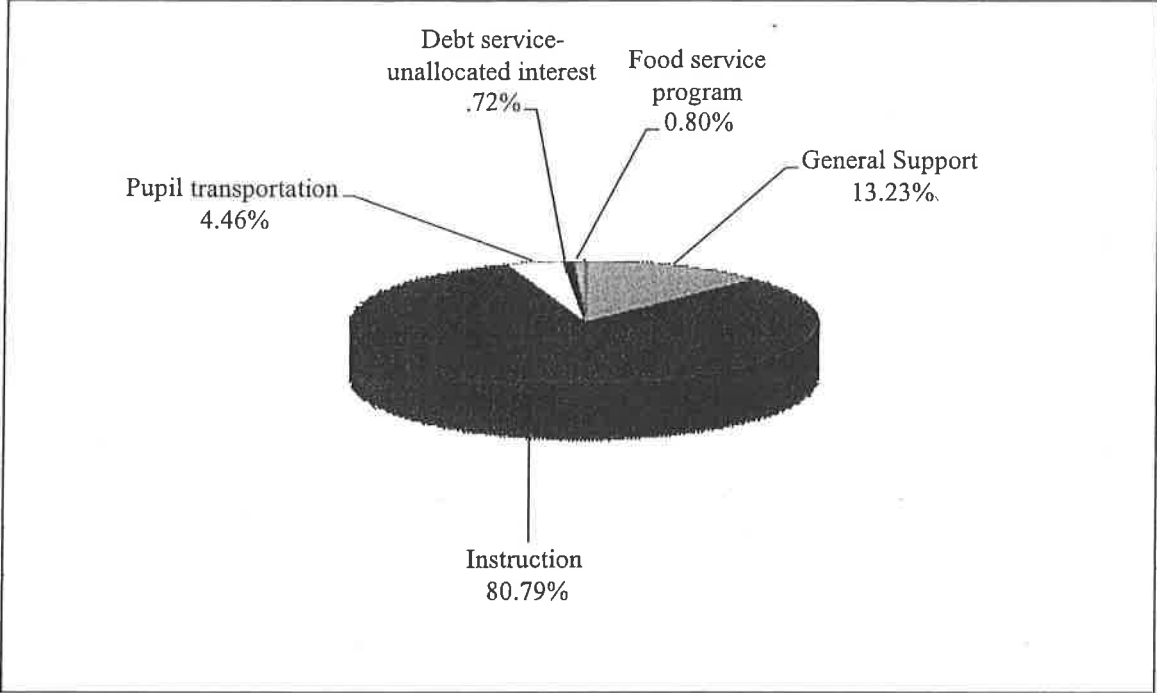
For the Fiscal Year Ended June 30, 2018



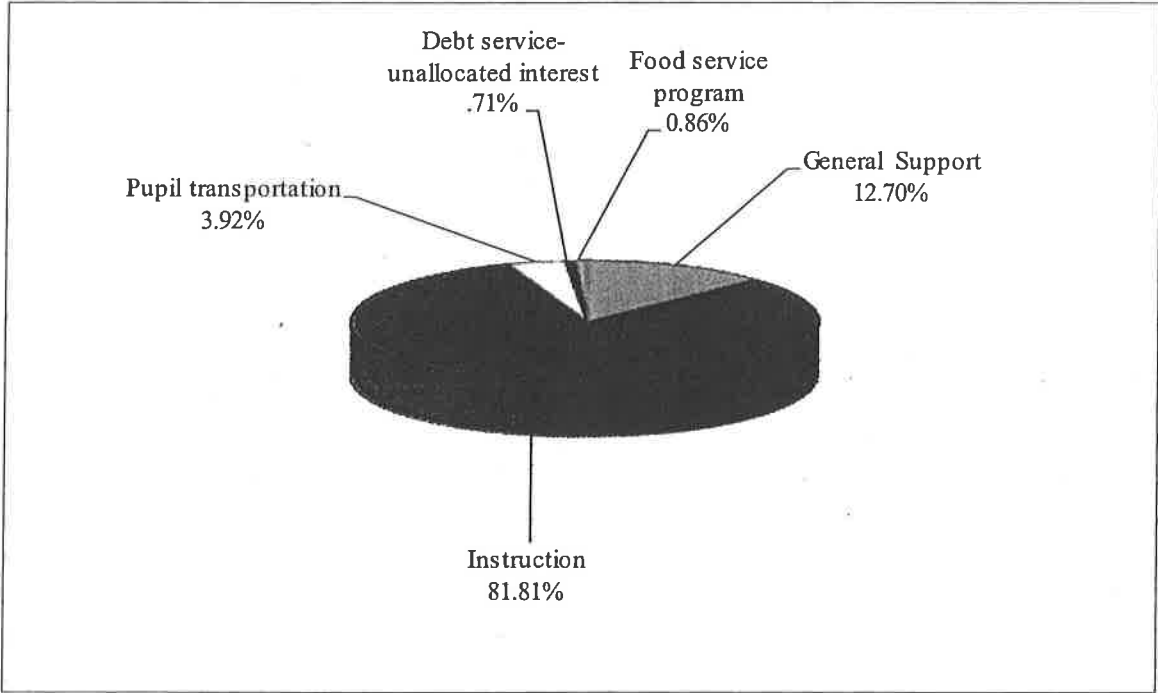
WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

For the Fiscal Year Ended June 30, 2019



For the Fiscal Year Ended June 30, 2018



**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2019, the District's governmental funds reported a combined fund balance of \$8,987,947, which is a decrease of \$3,026,993 from the prior year. This decrease is primarily due to general fund expenditures and other financing uses exceeding revenues. A summary of the change in fund balance by fund is as follows:

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted				
Workers' compensation	\$ 456,500	\$ 591,323	\$ (134,823)	(22.80%)
Unemployment insurance	230,750	228,178	2,572	1.13%
Employee benefit accrued liability	782,650	870,518	(87,868)	(10.09%)
Retirement contributions	2,091,000	2,068,992	22,008	1.06%
Capital	-	800,000	(800,000)	(100.00%)
Total restricted	<u>3,560,900</u>	<u>4,559,011</u>	<u>(998,111)</u>	<u>(21.89%)</u>
Assigned				
Unappropriated encumbrances	66,830	158,585	(91,755)	(57.86%)
Appropriated for subsequent year's budget	1,125,000	1,640,000	(515,000)	(31.40%)
Total assigned	<u>1,191,830</u>	<u>1,798,585</u>	<u>(606,755)</u>	<u>(33.74%)</u>
Unassigned	1,445,933	2,437,912	(991,979)	(40.69%)
Total general fund	<u>\$ 6,198,663</u>	<u>\$ 8,795,508</u>	<u>\$ (2,596,845)</u>	<u>(29.52%)</u>
School Lunch Fund				
Nonspendable	4,268	6,446	(2,178)	(33.79%)
Assigned	-	5,961	(5,961)	(100.00%)
Unassigned	(35,919)	-	(35,919)	N/A
Total school lunch fund	<u>(31,651)</u>	<u>12,407</u>	<u>(44,058)</u>	<u>(355.11%)</u>
Debt Service Fund				
Restricted	249,201	224,269	24,932	11.12%
Total debt service fund	<u>249,201</u>	<u>224,269</u>	<u>24,932</u>	<u>11.12%</u>
Capital Projects Fund				
Restricted	2,433,905	2,477,465	(43,560)	(1.76%)
Assigned	137,829	505,291	(367,462)	(72.72%)
Total capital projects fund	<u>2,571,734</u>	<u>2,982,756</u>	<u>(411,022)</u>	<u>(13.78%)</u>
Total Fund Balances - All funds	<u>\$ 8,987,947</u>	<u>\$ 12,014,940</u>	<u>\$ (3,026,993)</u>	<u>(25.19%)</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget:

The District's general fund adopted budget for the year ended June 30, 2019, was \$77,953,532. This is an increase of \$1,080,909 over the prior year's adopted budget. The budget was funded through a

**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

combination of revenues and designated fund balance. The majority of this funding source was \$58,631,768 in estimated property taxes and STAR, and state aid in the amount of \$17,049,122. The District general fund final budget for the year ended June 30, 2019 was \$79,267,983 which is an increase of \$1,314,451 over the adopted budget. The increase includes prior years encumbrances of \$158,585 and budget revisions of \$8,866 from grants, gifts and donations, \$800,000 from the appropriation of the capital reserve, \$176,000 of additional expenses recorded due to cyber-attack, \$140,000 from the workers compensation reserve and \$31,000 from the appropriation of the employee benefit accrued liability reserve.

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 and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". 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	\$ 2,437,912
Revenues and other financing sources over budget	160,796
Expenditures and other financing uses and encumbrances under budget	186,114
Budget revision - cyber attack	(176,000)
Interest allocated to reserves	(37,889)
Appropriated for June 30, 2020 budget	(1,125,000)
Closing, unassigned fund balance	<u>\$ 1,445,933</u>

Opening, Unassigned Fund Balance

The \$2,437,912 shown in the table is the portion of the District's June 30, 2018, fund balance that was retained as unassigned.

Revenues and Other Financing Sources Over Budget

The 2018-2019 final budget for revenues and other financing sources was \$79,267,983. The actual revenues received for the year were \$76,418,194. The actual revenue and other financing sources over estimated or budgeted revenue and other financing sources was \$160,796. This variance contributes directly to the change to the unassigned portion of the fund balance in the general fund from June 30, 2018 to June 30, 2019.

Expenditures and Other Financing Uses and Encumbrances Under Budget

The 2018-2019 final budget for expenditures was \$79,267,983. The actual expenditures, other financing uses and encumbrances were \$79,081,869. The final budget was under expended by \$186,114. This under expenditure contributes to the change to the unassigned portion of the fund balance in the general fund from June 30, 2018 to June 30, 2019.

**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Budget Revision

The District incurred additional expenses of \$176,000 from the unassigned fund balance due to a cyber-attack that occurred during the year.

Interest Allocated to Reserves

Interest of \$37,889 was allocated to reserves as follows: \$2,572 to unemployment insurance reserve, \$5,177 to workers' compensation reserve, \$8,132 to employee benefit accrued liability reserve, and \$22,008 to retirement contribution reserve.

Appropriated for June 30, 2020 Budget

The District has appropriated \$1,125,000 of its available June 30, 2019, fund balance to partially fund its 2019-2020 approved operating budget. This is a decrease of \$515,000 from the prior year.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the above table, the District will begin the 2019-2020 fiscal year with an unassigned fund balance of \$1,445,933. This is a decrease of \$991,979 from the unassigned balance from the prior year and represents 1.81% of the District's 2019-2020 operating budget.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets:

At June 30, 2019, the District had invested in a broad range of capital assets, including land, buildings and improvements, site improvements, vehicles, machinery, and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the fiscal year ended June 30, 2019. A summary of the District's capital assets, net of depreciation at June 30, 2019 and 2018, is as follows:

Category	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	Percentage Change
Land	\$ 3,484,000	\$ 3,484,000	\$ -	0.00%
Construction in progress	4,844,609	3,033,480	1,811,129	59.70%
Buildings and improvements	40,157,986	41,809,124	(1,651,138)	(3.95%)
Site improvements	249,021	305,233	(56,212)	(18.42%)
Vehicles, machinery, and equipment	654,766	540,172	114,594	21.21%
Net Capital Assets	<u>\$ 49,390,382</u>	<u>\$ 49,172,009</u>	<u>\$ 218,373</u>	<u>0.44%</u>

**WANTAGH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B. Debt Administration:

At June 30, 2019, the District had total bonds payable of \$9,955,000. A summary of the outstanding bonds at June 30, 2019 and 2018 is as follows:

Issue Date	2019	2018	Increase (Decrease)
2015	\$ 5,480,000	\$ 6,510,000	\$ (1,030,000)
2013	4,475,000	5,480,000	\$ (1,005,000)
	<u>\$ 9,955,000</u>	<u>\$ 11,990,000</u>	<u>\$ (2,035,000)</u>

At June 30, 2019, the District had total energy performance contract debt of \$7,972,850. A summary of the outstanding energy performance contract debt at June 30, 2019 and 2018 is as follows:

Issue Date	Final Maturity	Interest Rate	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)
2016	5/24/31	2.32%	<u>\$ 7,272,850</u>	<u>\$ 8,542,751</u>	<u>\$ (1,269,901)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District designated \$1,125,000 of its fund balance towards the June 30, 2020 voter approved budget of \$79,806,470. This designation represents a decrease of \$515,000 from the previous year.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at:

Anthony Cedrone, CPA
Assistant Superintendent for Business
Wantagh Union Free School District
3301 Beltagh Avenue
Wantagh, New York 11793

WANTAGH UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT 2

ASSETS	
Current Assets	
Cash and cash equivalents	
Unrestricted	\$ 6,070,872
Restricted	5,994,855
Receivables	
State and federal aid	1,912,641
Due from other governments	1,368,953
Due from fiduciary funds	426,241
Accounts receivables	47,546
Prepaid expenses	75
Inventories	4,268
Non Current Assets	
Capital assets	
Not being depreciated	8,328,609
Being depreciated, net of accumulated depreciation	41,061,773
Net pension asset - proportionate share - teachers' retirement system	3,803,273
TOTAL ASSETS	69,019,106
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from advance refunding of debt	334,800
Other post-employment benefits obligation	4,243,484
Pensions	21,303,797
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,882,081
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	94,901,187
LIABILITIES	
Payables	
Accounts payable	1,786,293
Accrued liabilities	349,363
Due to other governments	646,565
Due to teachers' retirement system	3,722,777
Due to employees' retirement system	241,102
Accrued interest payable	100,458
Compensated absences payable	91,404
Long-term liabilities	
Due within one year	
Bonds payable	2,100,000
Energy performance contract	583,227
Due in more than one year	
Bonds payable	7,855,000
Energy performance contract	7,389,623
Total other post-employment benefits obligation	124,515,712
Workers' compensation claims payable	247,720
Compensated absences payable	3,155,724
Net pension liability - proportionate share - employees' retirement system	1,381,378
TOTAL LIABILITIES	154,166,346
DEFERRED INFLOWS OF RESOURCES	
Deferred gain from advance refunding of debt	337,705
Other post-employment benefits obligation	20,884,503
Pensions	5,367,657
TOTAL DEFERRED INFLOWS OF RESOURCES	26,589,865
NET POSITION	
Net investment in capital assets	31,528,093
Restricted	
Workers' compensation	456,500
Unemployment insurance	230,750
Employee benefit accrued liability	782,650
Retirement contribution	2,091,000
Capital	2,365,439
Debt service-principal and interest	249,201
	6,175,540
Unrestricted (deficit)	(123,558,657)
TOTAL NET POSITION (DEFICIT)	\$ (85,855,024)

See Accompanying Notes to Financial Statements.

**WANTAGH UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
General support	\$ 10,836,804	\$	\$	\$ (10,836,804)
Instruction	66,158,678	125,367	1,127,559	(64,905,752)
Pupil transportation	3,650,001			(3,650,001)
Debt service - interest	587,953			(587,953)
Food service program	655,636	429,392	119,846	(106,398)
TOTAL FUNCTIONS AND PROGRAMS	\$ 81,889,072	\$ 554,759	\$ 1,247,405	(80,086,908)
GENERAL REVENUES				
Real property taxes				50,586,380
STAR and other real property tax items				8,175,923
Use of money and property				337,636
Sales of property and compensation for loss				3,089
State and federal sources				16,937,985
Miscellaneous				377,478
TOTAL GENERAL REVENUES				76,418,491
CHANGE IN NET POSITION				(3,668,417)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(82,186,607)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$ (85,855,024)

See Accompanying Notes to Financial Statements.

WANTAGH UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 5,414,378	\$ 202,853	\$ 17,391	\$ -	\$ 436,250	\$ 6,070,872
Restricted	3,560,900			50	2,433,905	5,994,855
State and federal aid	1,407,917	18,326	486,398			1,912,641
Due from other governments	1,151,761	47	217,145			1,368,953
Due from other funds	1,260,677		8,189	249,488	31,742	1,550,096
Accounts receivables	44,412	3,134				47,546
Prepaid expenses	75					75
Inventories		4,268				4,268
TOTAL ASSETS	\$ 12,840,120	\$ 228,628	\$ 729,123	\$ 249,538	\$ 2,901,897	\$ 16,949,306
LIABILITIES AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Payables						
Accounts payable	\$ 1,316,676	\$ 122,310	\$ 17,716	\$ -	\$ 329,591	\$ 1,786,293
Accrued liabilities	343,955	2,782	2,626			349,363
Due to other governments	645,227	1,338	-			646,565
Due to other funds	280,316	133,849	708,781	337	572	1,123,855
Due to teachers' retirement system	3,722,777					3,722,777
Due to employees' retirement system	241,102					241,102
Compensated absences payable	91,404					91,404
TOTAL LIABILITIES	6,641,457	260,279	729,123	337	330,163	7,961,359
FUND BALANCES (DEFICIT)						
Nonspendable inventory		4,268				4,268
Restricted						
Workers' compensation	456,500					456,500
Unemployment insurance	230,750					230,750
Employees' benefit accrued liability	782,650					782,650
Retirement contribution						
Employee retirement system	2,091,000					2,091,000
Capital					2,365,439	2,365,439
Debt service-principal and interest				249,201		249,201
Unspent bond and energy performance contract proceeds					68,466	68,466
Assigned						
Appropriated fund balance	1,125,000					1,125,000
Unappropriated fund balance	66,830				137,829	204,659
Unassigned	1,445,933	(35,919)				1,410,014
TOTAL FUND BALANCES (DEFICIT)	6,198,663	(31,651)	-	249,201	2,571,734	8,987,947
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 12,840,120	\$ 228,628	\$ 729,123	\$ 249,538	\$ 2,901,897	\$ 16,949,306

WANTAGH UNION FREE SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total Governmental Fund Balances \$ 8,987,947

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position 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	\$ 115,034,644	
Accumulated depreciation	<u>(65,644,262)</u>	49,390,382

Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long-term assets and increase net position. The teachers' retirement system pension asset-proportionate share amounted to: 3,803,273

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

Deferred charges on advance refunding	\$ 334,800	
Deferred outflows related to pensions	21,303,797	
Deferred outflows related to OPEB liability	<u>4,243,484</u>	25,882,081

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

Accrued interest on bonds and energy performance contract		(100,458)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	\$ (9,955,000)	
Energy performance contract	(7,972,850)	
Total other post-employment benefits obligation	(124,515,712)	
Workers' compensation claims payable	(247,720)	
Compensated absences payable	(3,155,724)	
Net pension liability - proportionate share-employees' retirement system	<u>(1,381,378)</u>	(147,228,384)

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred gain from advance refunding of debt	\$ (337,705)	
Deferred inflows related to total OPEB liability	(20,884,503)	
Deferred inflows related to pensions	<u>(5,367,657)</u>	<u>(26,589,865)</u>

Total Net Position (Deficit) \$ (85,855,024)

WANTAGH UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
REVENUES						
Real property taxes	\$ 50,586,380	\$ -	\$ -	\$ -	\$ -	\$ 50,586,380
STAR and other real property tax items	8,175,923					8,175,923
Charges for services	125,367					125,367
Use of money and property	312,704			24,932		337,636
Sale of property and compensation for loss	3,089					3,089
Forfeitures	750					750
Miscellaneous	275,996	2,078	98,547		107	376,728
State sources	16,913,766	6,491	370,597			17,290,854
Federal sources	24,219	113,355	756,962			894,536
School lunch sales		429,392				429,392
TOTAL REVENUES	<u>76,418,194</u>	<u>551,316</u>	<u>1,226,106</u>	<u>24,932</u>	<u>107</u>	<u>78,220,655</u>
EXPENDITURES						
General support	8,384,456		315,683			8,700,139
Instruction	45,018,781		912,253			45,931,034
Pupil transportation	3,460,410		72,958			3,533,368
Food service program		595,374				595,374
Employee benefits	17,453,719					17,453,719
Capital outlay					1,811,129	1,811,129
Debt service - principal	2,604,901					2,604,901
Debt service - interest	617,984					617,984
TOTAL EXPENDITURES	<u>77,540,251</u>	<u>595,374</u>	<u>1,300,894</u>	<u>-</u>	<u>1,811,129</u>	<u>81,247,648</u>
EXCESS (DEFICIENCY)						
OF REVENUES OVER EXPENDITURES	<u>(1,122,057)</u>	<u>(44,058)</u>	<u>(74,788)</u>	<u>24,932</u>	<u>(1,811,022)</u>	<u>(3,026,993)</u>
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in			74,788		1,400,000	1,474,788
Operating transfers out	(1,474,788)					(1,474,788)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,474,788)</u>	<u>-</u>	<u>74,788</u>	<u>-</u>	<u>1,400,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,596,845)	(44,058)	-	24,932	(411,022)	(3,026,993)
FUND BALANCES - BEGINNING OF YEAR	<u>8,795,508</u>	<u>12,407</u>	<u>-</u>	<u>224,269</u>	<u>2,982,756</u>	<u>12,014,940</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,198,663</u>	<u>\$ (31,651)</u>	<u>\$ -</u>	<u>\$ 249,201</u>	<u>\$ 2,571,734</u>	<u>\$ 8,987,947</u>

See Accompanying Notes to Financial Statements.

**WANTAGH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net change in fund balances \$ (3,026,993)

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

Long-term revenue and expense differences

Claims payable in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the fiscal year ended June 30, 2019 changed by: 160,789

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2019 changed by: 65,648

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

Other post-employment benefits obligation	\$ (4,239,933)	
Teachers' retirement system	587,078	
Employees' retirement system	<u>(68,311)</u>	(3,721,166)

Capital related differences

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

Capital outlays	\$ 2,026,678	
Depreciation expense	<u>(1,808,305)</u>	218,373

Long-term debt differences

Repayment of bond principal and energy performance contract principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,604,901

Premiums and discounts on long-term debt issuances and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. The amount that was amortized in the current year was: 13,108

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from July 1, 2018 to June 30, 2019 changed by: 16,923

Change in net position \$ (3,668,417)

**WANTAGH UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019**

	Private Purpose Trusts	Agency Funds
ASSETS		
Restricted cash and cash equivalents	\$ 2,030	\$ 1,024,753
Due from other funds		44,073
TOTAL ASSETS	<u>\$ 2,030</u>	<u>\$ 1,068,826</u>
LIABILITIES		
Due to other funds	\$ -	\$ 470,314
Agency liabilities		430,203
Extraclassroom activity balances		168,309
TOTAL LIABILITIES	<u>-</u>	<u>\$ 1,068,826</u>
NET POSITION		
Restricted for scholarships	<u>2,030</u>	
TOTAL NET POSITION	<u>2,030</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,030</u>	

EXHIBIT 9

**WANTAGH UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Private Purpose Trusts
ADDITIONS	
Gifts and donations	\$ 300
TOTAL ADDITIONS	300
DEDUCTIONS	
Scholarships and awards	1,000
TOTAL DEDUCTIONS	1,000
CHANGE IN NET POSITION	(700)
NET POSITION - BEGINNING OF YEAR	2,730
NET POSITION - END OF YEAR	\$ 2,030

See Accompanying Notes to Financial Statements.

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 reporting entity of the District is based upon criteria set forth by GASB Statement No.14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by its agent for the extraclassroom organizations in the Statement of Net Position - Fiduciary Funds. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B) Joint venture:

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

BOCES are organized under Section §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation 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 New York State General Municipal Law.

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

C) Basis of presentation:

i) District-Wide Financial Statements

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

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

ii) Fund Financial Statements

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District’s food service operations. The school lunch operations are supported by federal and state grants and charges participants for its services.

Debt Service Fund: This fund accounts for the accumulation of resources that are restricted to expenditure for principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

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

The District reports the following fiduciary funds:

Fiduciary Fund: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the District, and are not available to be used. The District has the following fiduciary funds:

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 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) Basis of accounting and measurement focus:

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 transaction or events for recognition in the financial statements.

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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 property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E) Real property taxes:

i) Calendar

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

ii) Enforcement

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

F) Restricted resources:

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

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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G) Interfund transactions:

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

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables 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.

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, workers' compensation claims, potential contingent liabilities, other post-employment benefits, pension asset/liability and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in

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

A nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District's general fund had \$75 in prepaid items at June 30, 2019.

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 time received.

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), depreciation methods, and estimated useful lives of capital assets as reported in the District-Wide Financial Statements are as follows:

<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>	
Buildings and improvements	\$ 5,000	Straight Line	20-50 Years
Site improvements	\$ 5,000	Straight Line	20 Years
Vehicles, machinery and equipment	\$ 5,000	Straight Line	5-20 Years

M) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from the refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the life of the debt, detailed further in Note 11. The other two amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 13.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of

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net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises due to the premium received on an advance refunding which is amortized as a component of interest expense on a straight-line basis over the remaining life of the debt, detailed further in Note 11. The other two amounts are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 13.

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. The District had no collections in advance at June 30, 2019.

O) Vested 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 be eligible to receive a portion of the value of unused accumulated sick leave. 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.

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.

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

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

P) Other benefits:

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

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In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) Short-term debt:

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

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

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

The District has issued and redeemed TANs totaling \$4,000,000 in the fiscal year ended June 30, 2019. See Note 10 for further detail.

R) Accrued liabilities and long-term obligations:

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

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

WANTAGH UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

S) Equity classifications:

i) District-Wide Financial Statements:

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

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

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

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

ii) Fund Financial Statements:

The District follows the guidance under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2019 the District has \$4,268 in nonspendable fund balance for inventory recorded in the school lunch fund.

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

The District has classified the following reserves as restricted:

Workers' compensation reserve - This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Within 60 days after the end of any fiscal year, excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

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

Employee benefit accrued liability reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund under restricted fund balance.

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

Capital reserve - Capital reserve (EL§3651), must be 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. Expenditures 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. This reserve is accounted for in the general fund under restricted fund balance.

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

Debt service - Used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unexpended balances proceeds of borrowing for capital projects, interest and earnings from investment in proceeds of borrowing premiums. This reserve is accounted for in the debt service fund.

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Unspent bond proceeds - Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

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

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2019.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. All encumbrances are classified as assigned fund balances. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the general fund.

Unassigned fund balance - Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative fund balance.

The school lunch fund has an unassigned deficit fund balance of \$35,919.

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

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 modifications to the applied or transferred fund balance must be approved by formal action of the Board of Education.

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The Board of Education shall designate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the 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 the fund balance classification will be charged.

T) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2020. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2021. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

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 Fund Financial Statements and the District-Wide Financial 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 Statement of Activities, compared with the current financial resource measurement focus of the governmental funds.

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

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

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt differences:

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal budgets are adopted.

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

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

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

B) Encumbrances:

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A) Cash:

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 the state and its municipalities and districts. Investments are stated at fair value.

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

- A) Uncollateralized;
- 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.

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

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 or foreign currency risk.

**WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2019 included \$5,994,855 within the governmental fund for general reserves, capital projects and debt service and \$1,026,783 in the fiduciary funds.

5. PARTICIPATION IN BOCES

During the fiscal year the District was billed \$4,242,179 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,305,792. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box CS9195, Garden City, New York 11530-9195.

6. STATE AND FEDERAL AID RECEIVABLE

State and federal aid receivable at June 30, 2019 consisted of the following:

General Fund	
BOCES aid	\$ 979,237
Excess cost aid	428,680
Total - General Fund	<u>1,407,917</u>
Special Aid Fund	
Federal grants	305,891
State grants	180,507
Total - Special Aid Fund	<u>486,398</u>
School Lunch Fund	
Federal aid	17,066
State aid	1,260
Total - School Lunch Fund	<u>18,326</u>
Total - All funds	<u>\$ 1,912,641</u>

District management has deemed the amounts to be fully collectible.

WANTAGH UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

7. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Nassau County taxes receivable	\$ 1,150,360
Tuition services	1,401
Total - General Fund	<u>\$ 1,151,761</u>
School Lunch Fund	
Sales tax	\$ 47
Total - School Lunch Fund	<u>\$ 47</u>
Special Aid Fund	
Nassau County	\$ 188,196
Other Districts	28,949
Total - Special Aid Fund	<u>\$ 217,145</u>
Total - All funds	<u>\$ 1,368,953</u>

District management has deemed the amounts to be fully collectible.

**WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

8. CAPITAL ASSETS

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

	Balance June 30, 2018	Additions	Reclassifications and Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,484,000	\$ -	\$ -	\$ 3,484,000
Construction in progress	3,033,480	1,811,129		4,844,609
Total capital assets not be depreciated	<u>6,517,480</u>	<u>1,811,129</u>	<u>-</u>	<u>8,328,609</u>
Capital assets being depreciated				
Buildings and improvements	103,823,035			103,823,035
Site improvements	987,017			987,017
Machinery and equipment	1,258,490	194,689		1,453,179
Vehicles	421,944	20,860		442,804
Total	<u>106,490,486</u>	<u>215,549</u>	<u>-</u>	<u>106,706,035</u>
Accumulated depreciation				
Buildings and improvements	62,013,911	1,651,138		63,665,049
Site improvements	681,784	56,212		737,996
Machinery and equipment	827,292	73,657		900,949
Vehicles	312,970	27,298		340,268
Total	<u>63,835,957</u>	<u>1,808,305</u>	<u>-</u>	<u>65,644,262</u>
Net capital assets being depreciated	<u>42,654,529</u>	<u>(1,592,756)</u>	<u>-</u>	<u>41,061,773</u>
Net capital assets	<u>\$ 49,172,009</u>	<u>\$ 218,373</u>	<u>\$ -</u>	<u>\$ 49,390,382</u>

Depreciation expense was allocated to governmental functions as follows:

<u>Function/Program</u>	
General Support	\$ 52,287
Instruction	1,737,900
Transportation	18,118
Total Depreciation	<u>\$ 1,808,305</u>

**WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

9. INTERFUND TRANSACTIONS

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,260,677	\$ 280,316	\$ -	\$ 1,474,788
Special aid fund	8,189	708,781	74,788	
School lunch fund		133,849		
Debt service fund	249,488	337		
Capital projects fund	31,742	572	1,400,000	
Total government activities	1,550,096	1,123,855	1,474,788	1,474,788
Fiduciary agency fund	44,073	470,314		
Totals	<u>\$ 1,594,169</u>	<u>\$ 1,594,169</u>	<u>\$ 1,474,788</u>	<u>\$ 1,474,788</u>

The District transferred \$74,788 from the general fund to the special aid fund to cover the District's portion of the summer school handicapped program.

The District appropriated and transferred \$1,400,000 from the general fund to the capital projects fund for various capital projects.

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

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

10. SHORT-TERM DEBT

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

	Maturity	Interest Rate	Balance June 30, 2018	Issued	Redeemed	Balance June 30, 2019
TAN	6/21/19	3.00%	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -
Total			<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>

The TAN was issued for the purpose of providing cash flow to the general fund in anticipation of revenues from real property taxes.

Interest on short-term debt for the fiscal year amounted to \$76,667.

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11. LONG-TERM LIABILITIES

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

	Balance			Balance June 30, 2019	Amounts Due Within One Year
	June 30, 2018	Additions	Reductions		
Long-term debt:					
Bonds payable	\$ 11,990,000	\$ -	\$ 2,035,000	\$ 9,955,000	\$ 2,100,000
Energy performance contract	8,542,751		569,901	7,972,850	583,227
Other long-term liabilities:					
Total other post-employment benefits obligation	136,751,221	15,077,056	27,312,565	124,515,712	
Workers' compensation claims payable	408,509	25,854	186,643	247,720	
Compensated absences payable	3,221,372	32,523	98,171	3,155,724	
Net pension liability-proportionate share-ERS	684,177	1,729,339	1,032,138	1,381,378	
Total long-term liabilities	<u>\$ 161,598,030</u>	<u>\$ 16,864,772</u>	<u>\$ 31,234,418</u>	<u>\$ 147,228,384</u>	<u>\$ 2,683,227</u>

The general fund is typically used to liquidate long-term liabilities such as bonds payable, energy performance contract, total other post-employment benefits, workers' compensation claims payable, compensated absences payable and net pension liability-proportionate share-ERS.

A) Bonds Payable

Bonds payable, which were issued for capital construction, are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	2015	2024	1.00-3.00%	\$ 5,480,000
Serial Bonds	2013	2023	2.00-5.00%	4,475,000
				<u>\$ 9,955,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	\$ 2,100,000	\$ 280,450	\$ 2,380,450
2021	2,165,000	216,400	2,381,400
2022	2,235,000	144,400	2,379,400
2023	2,315,000	63,875	2,378,875
2024	1,140,000	11,400	1,151,400
	<u>\$ 9,955,000</u>	<u>\$ 716,525</u>	<u>\$ 10,671,525</u>

**WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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11. LONG-TERM LIABILITIES

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 11,990,000	\$ -	\$ 2,035,000	\$ 9,955,000	\$ 2,100,000
Energy performance contract	8,542,751		569,901	7,972,850	583,227
Other long-term liabilities:					
Total other post-employment benefits obligation	136,751,221	15,077,056	27,312,565	124,515,712	
Workers' compensation claims payable	408,509	25,854	186,643	247,720	
Compensated absences payable	3,221,372	32,523	98,171	3,155,724	
Net pension liability-proportionate share-ERS	684,177	1,729,339	1,032,138	1,381,378	
	684,177	1,729,339	1,032,138	1,381,378	
Total long-term liabilities	<u>\$ 162,282,207</u>	<u>\$ 18,594,111</u>	<u>\$ 32,266,556</u>	<u>\$ 148,609,762</u>	<u>\$ 2,683,227</u>

The general fund is typically used to liquidate long-term liabilities such as bonds payable, energy performance contract, total other post-employment benefits, workers' compensation claims payable, compensated absences payable and net pension liability-proportionate share-ERS.

A) Bonds Payable

Bonds payable, which were issued for capital construction, are comprised of the following:

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

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2023	2,315,000	63,875	2,378,875
2024	1,140,000	11,400	1,151,400
	<u>\$ 9,955,000</u>	<u>\$ 716,525</u>	<u>\$ 10,671,525</u>

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B) Energy performance contract

Energy performance contracts, which were issued for capital construction, are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding Amount
Energy performance contract	7/8/05	2031	2.32%	\$ 7,972,850

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	\$ 583,227	\$ 181,991	\$ 765,218
2021	596,866	168,352	765,218
2022	610,823	154,395	765,218
2023	625,106	140,112	765,218
2024	639,724	125,494	765,218
2025-2029	3,430,131	395,959	3,826,090
2030-2031	1,486,973	43,463	1,530,436
	<u>\$ 7,972,850</u>	<u>\$ 1,209,766</u>	<u>\$ 9,182,616</u>

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

Interest paid	\$ 541,317
Plus interest accrued in the current year	100,458
Plus amortization of deferred charges from bond refunding	66,960
Less interest accrued in the prior year	(117,381)
Less amortization of bond refunding premium	<u>(80,068)</u>
Total long-term debt interest expense	<u>\$ 511,286</u>

C) Advance refunding

In the District-Wide Financial Statements, the District is amortizing deferred charges on advance refunding and a refunding bond premium as a component of interest expense on a straight-line basis as follows:

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Fiscal Year Ended June 30,	Deferred Charges	Deferred Premium on Refunding	Total
2020	\$ 66,960	\$ (80,073)	\$ (13,113)
2021	66,960	(80,073)	(13,113)
2022	66,960	(80,073)	(13,113)
2023	66,960	(80,073)	(13,113)
2024	66,960	(17,413)	49,547
Total	<u>\$ 334,800</u>	<u>\$ (337,705)</u>	<u>\$ (2,905)</u>

12. PENSION PLANS

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

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

ii) Employees' Retirement System

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

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NOTES TO FINANCIAL STATEMENTS
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included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's average contribution rate for ERS' fiscal year ended March 31, 2019 was 12.8% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2019 was 10.62% of covered payroll.

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NOTES TO FINANCIAL STATEMENTS
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The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	ERS	TRS
2019	\$ 994,236	\$ 3,582,553
2018	\$ 1,031,576	\$ 3,357,477
2017	\$ 1,007,553	\$ 3,962,795

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and 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 March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Net pension asset/(liability)	\$ (1,381,378)	\$ 3,803,273
District's portion of the Plan's total net pension asset/(liability)	0.0194964%	0.210327%
Change in proportion since the prior measurement date	(0.0017023)	(0.003044)

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NOTES TO FINANCIAL STATEMENTS
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For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,063,108 for ERS and pension expense of \$2,997,219 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 272,022	\$ 2,842,155	\$ 92,729	\$ 514,825
Net difference between projected and actual earnings on pension plan investments			354,538	4,221,923
Change of assumptions	347,222	13,294,934		
Changes in proportion and differences between the District's contributions and proportionate share of contributions	433,315	290,494	173,900	9,742
District's contributions subsequent to the measurement date	<u>241,102</u>	<u>3,582,553</u>	<u>621,167</u>	<u>4,746,490</u>
	<u>\$ 1,293,661</u>	<u>\$ 20,010,136</u>	<u>\$ 621,167</u>	<u>\$ 4,746,490</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

	<u>ERS</u>	<u>TRS</u>
Fiscal Year ended:		
2019	\$ -	\$ 3,857,660
2020	407,025	2,633,739
2021	(207,365)	318,468
2022	10,420	2,624,779
2023	221,312	1,798,810
Thereafter		447,637
	<u>\$ 431,392</u>	<u>\$ 11,681,093</u>

WANTAGH UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.20%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.5%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.25%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. 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.

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

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NOTES TO FINANCIAL STATEMENTS
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Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	April 1, 2018		June 30, 2017	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.55%	33%	5.8%
International equity	14%	6.35%	16%	7.3%
Global equity			4%	6.7%
Private equity	10%	7.50%	8%	8.9%
Real estate	10%	5.55%	11%	4.9%
Absolute return strategies	2%	3.75%		
Opportunistic portfolio	3%	5.68%		
Real assets	3%	5.29%		
Bonds and mortgages	17%	1.31%		
Cash	1%	-0.25%		
Inflation-indexed bonds	4%	1.25%		
Domestic fixed income securities			16%	1.3%
Global fixed income securities			2%	0.9%
High-yield fixed income securities			1%	3.5%
Private debt			1%	6.8%
Real estate debt			7%	2.8%
Short-term			1%	0.3%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS, and 2.3% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially 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 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 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-

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percentage-point lower (6.0% for ERS and 6.25% for TRS) or 1-percentage-point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset/(liability)	\$ (6,039,606)	\$ (1,381,378)	\$ 2,531,864

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension asset/(liability)	\$ (26,129,106)	\$ 3,803,273	\$ 28,878,289

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS April 1, 2018	TRS June 30, 2017
Employers' total pension liability	\$ (189,803,429)	\$ (118,107,254)
Plan net position	182,718,124	119,915,518
Employers' net pension asset/(liability)	\$ (7,085,305)	\$ 1,808,264

Ratio of plan net position to the Employers' total pension asset/(liability)	96.27%	101.53%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$241,102.

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, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as

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reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$3,722,777.

13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A) Plan descriptions:

The District's OPEB Plan (the Plan") defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP) and through Health Insurance Providers (HIP). Benefits provided are administered by Empire BlueCross BlueShield, United Healthcare, GHI/Value Options, and Empire BlueCross BlueShield/Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

B) Benefits provided:

The Plan provides medical, dental, and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 80% of premiums for individual coverage, 0% and 80% for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District also reimburses the employee and dependent spouse for the full cost of Medicare Part B. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2019, the District contributed an estimated \$3,279,675 to the Plan, including \$3,279,675 for current premiums and \$0 to prefund benefits. Currently, there are no provisions in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

C) Employees covered by benefit terms:

At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees, spouses or beneficiaries currently receiving benefit payments	393
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	454
	<u>847</u>

The overall membership decreased from 884 to 847.

D) Total OPEB liability:

The District's total OPEB liability of \$124,515,712 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

E) Actuarial assumptions and other inputs:

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	3.50%
Healthcare cost trend rates	6.10%, decreasing to 4.10% over 57 years
Retirees' share of benefit-related costs	20% to 50% of projected health insurance premiums for retirees, 20% to 100% of premiums for family coverage, and 100% of surviving spouse coverage

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-2018. The assumption includes a margin for future improvements in longevity.

The actuarial assumptions used in the July 1, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

F) Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2018	<u>\$136,751,221</u>
Changes for the fiscal year:	
Service cost	5,928,445
Interest	4,231,558
Differences between expected and actual experience	4,917,053
Changes of assumptions or other inputs	(24,032,890)
Benefit payments	<u>(3,279,675)</u>
Net changes	<u>(12,235,509)</u>
Balance at June 30, 2019	<u><u>\$124,515,712</u></u>

There were no significant plan changes since the last valuation.

WANTAGH UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 3.0% to 3.50%.
- The healthcare cost trend rates were updated from an initial 7.50% scaling down to a 4.50% over 6 years to an initial rate of 6.10% scaling down to 4.10% over 57 years.
- Inflation was decreased from 3.00% to 2.60%.
- The mortality rate tables were updated to reflect mortality improvement Scale MP-2018 from MP-2016.
- Medicare Part B cost trend rate was updated to 3.00% from 4.50%.
- The participation rate was changed to 90% from 100% for future retirees and to 45% from 50% for eligible spouses and spouses continuing coverage after death.

G) 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:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 146,907,690	\$ 124,515,712	\$106,686,395

H) 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 (5.10%) or 1-percentage point higher (7.10%) than the current healthcare cost trend rate:

	1% Decrease (5.10% decreasing to 3.10%)	Healthcare Cost Trend Rates (6.10% decreasing to 4.10%)	1% Increase (7.10% decreasing to 5.10%)
Total OPEB liability	\$ 104,255,360	\$ 124,515,712	\$ 153,499,645

WANTAGH UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$7,519,608. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,243,484	\$ (143,790)
Changes of assumptions or other inputs	_____	(20,740,713)
	<u>\$ 4,243,484</u>	<u>\$ (20,884,503)</u>

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

Fiscal Year ended June 30:	
2020	\$ (2,640,395)
2021	(2,640,395)
2022	(2,640,395)
2023	(2,640,395)
2024	(2,640,395)
Thereafter	(3,439,044)
	<u>\$ (16,641,019)</u>

14. OTHER RETIREMENT PLANS

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions and related expenditures made by the District and the employees for the fiscal year ended June 30, 2019, totaled \$18,472 and \$2,283,462 respectively.

15. RISK MANAGEMENT

A) General:

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

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B) Consortiums and self-insured plans:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for reported claims which were incurred on or before year-end but not reported (IBNR). Had an actuary valuation been performed, the liability amount may have significantly changed. Claims activity is summarized below:

	2019	2018
Unpaid claims at beginning of year	\$ 408,509	\$ 396,724
Incurred claims and claim adjustment expenses	25,854	229,753
Unpaid claims at year end	(186,643)	(217,968)
	<u>\$ 247,720</u>	<u>\$ 408,509</u>

16. FUND BALANCES

The following is a summary of the change in general fund restricted fund balance during the year ended June 30, 2019:

Reserve	Balance June 30,2018	Additions	Amounts Expended	Balance June 30,2019
Workers' compensation	\$ 591,323	\$ 5,177	\$ 140,000	\$ 456,500
Unemployment insurance	228,178	2,572		230,750
Employee benefit accrued liability	870,518	8,132	96,000	782,650
Retirement contribution	2,068,992	22,008		2,091,000
Capital reserve	800,000		800,000	-
Total	<u>\$ 4,559,011</u>	<u>\$ 37,889</u>	<u>\$ 1,036,000</u>	<u>\$ 3,560,900</u>

17. COMMITMENTS AND CONTINGENCIES

A) Encumbrances:

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

General fund	
General support	\$ 45,993
Instructional	20,837
Total general fund	<u>\$ 66,830</u>
Capital projects fund	
Capital projects	<u>\$ 3,006,470</u>

WANTAGH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B) Grants:

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

C) Litigation:

As of June 30, 2019, we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

D) Operating Leases:

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$91,244. The minimum remaining operating lease payments are as follows:

Fiscal Year Ending June 30,	<u>Amount</u>
2020	<u>\$ 67,379</u>

18. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by \$423,799 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$72,205 related to these programs.

19. SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, except for the following:

On September 13, 2019, the District issued tax anticipation notes in the amount of \$6,000,000 which are due to mature June 25, 2020 with an effective interest rate yield of 2.00% .

SUPPLEMENTARY INFORMATION

WANTAGH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual		Final Budget Variance With Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 57,763,782	\$ 50,544,985	\$ 50,586,380		\$ 41,395
STAR and other real property tax items	867,986	8,086,783	8,175,923		89,140
Charges for services	213,656	213,656	125,367		(88,289)
Use of money and property	243,736	243,736	312,705		68,969
Forfeitures			750		750
Sale of property and compensation for loss	20,000	20,000	3,089		(16,911)
Miscellaneous	86,250	95,116	275,996		180,880
State aid	17,049,122	17,049,122	16,913,765		(135,357)
Federal aid	4,000	4,000	24,219		20,219
TOTAL REVENUES	<u>76,248,532</u>	<u>76,257,398</u>	<u>76,418,194</u>		<u>\$ 160,796</u>
Appropriated fund balance	1,640,000	1,816,000			
Appropriated reserves	223,585	1,194,585			
TOTAL REVENUES, APPROPRIATED FUND BALANCE AND RESERVES	<u>\$ 78,112,117</u>	<u>\$ 79,267,983</u>			
EXPENDITURES					
General support					
Board of education	\$ 99,616	\$ 127,840	\$ 125,367	\$ -	\$ 2,473
Central administration	380,470	394,829	392,993		1,836
Finance	916,807	943,653	934,268		9,385
Staff	316,291	318,106	317,037		1,069
Central services	5,759,682	5,733,845	5,678,381	45,993	9,471
Special items	922,932	938,478	936,410		2,068
Total general support	<u>8,395,798</u>	<u>8,456,751</u>	<u>8,384,456</u>	<u>45,993</u>	<u>26,302</u>
Instructional					
Instruction, administration, and improvement	3,795,543	3,845,472	3,828,844		16,628
Teaching - regular school	24,070,418	24,164,921	24,125,359		39,562
Programs for children with special needs	9,132,202	9,637,669	9,626,507	7,265	3,897
Occupational education	566,437	472,248	470,757		1,491
Teaching - special school	209,955	96,461	96,161		300
Instructional media	2,563,764	2,702,232	2,688,383	2,882	10,967
Pupil services	4,195,768	4,213,676	4,182,770	10,690	20,216
Total instructional	<u>44,534,087</u>	<u>45,132,679</u>	<u>45,018,781</u>	<u>20,837</u>	<u>93,061</u>
Pupil transportation	<u>3,349,716</u>	<u>3,461,596</u>	<u>3,460,410</u>	<u>-</u>	<u>1,186</u>
Employee benefits	<u>17,981,297</u>	<u>17,489,071</u>	<u>17,453,719</u>	<u>-</u>	<u>35,352</u>
Debt service					
Debt service principal	2,604,901	2,604,901	2,604,901		-
Debt service interest	541,318	617,985	617,984		1
Total debt service	<u>3,146,219</u>	<u>3,222,886</u>	<u>3,222,885</u>	<u>-</u>	<u>1</u>
TOTAL EXPENDITURES	<u>77,407,117</u>	<u>77,762,983</u>	<u>77,540,251</u>	<u>66,830</u>	<u>155,902</u>
Other financing uses					
Transfers to other funds	705,000	1,505,000	1,474,788		30,212
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 78,112,117</u>	<u>\$ 79,267,983</u>	<u>79,015,039</u>	<u>\$ 66,830</u>	<u>\$ 186,114</u>
NET CHANGE IN FUND BALANCE			(2,596,845)		
FUND BALANCE - BEGINNING OF YEAR			<u>8,795,508</u>		
FUND BALANCE - END OF YEAR			<u>\$ 6,198,663</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. Annual budgets are not adopted for the Special Aid Fund and School Lunch Fund as the District is not legally required to adopt these budgets annually.

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 5,928,445	5,895,967
Interest	4,231,558	4,031,910
Changes of benefit terms		
Differences between expected and actual experience	4,917,053	(187,364)
Changes of assumptions or other inputs	(24,032,890)	
Benefit payments	<u>(3,279,675)</u>	<u>(2,958,793)</u>
Net change in total OPEB liability	(12,235,509)	6,781,720
Total OPEB liability - beginning	<u>136,751,221</u>	<u>129,969,501</u>
Total OPEB liability - ending	<u>\$ 124,515,712</u>	<u>\$ 136,751,221</u>
Covered - employee payroll	\$ 37,921,843	42,403,978
Total OPEB Liability as a percentage of covered employee payroll	328.35%	322.50%

Trust Assets

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

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2019	3.50%
2018	3.00%

For 2019, healthcare cost trend rates were updated from an initial 7.50% scaling down to a 4.50% over 6 years to an initial rate of 6.10% scaling down to 4.10% over 57 years. Inflation was decreased from 3.00% to 2.60%, mortality rate tables were updated to reflect mortality improvement Scale MP-2018 from MP-2016, Medicare Part B cost trend rate was updated to 3.00% from 4.50%, and the participation rate was changed to 90% from 100% for future retirees and to 45% from 50% for eligible spouses and spouses continuing coverage after death.

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

ERS Pension Plan

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 994,236	\$ 1,031,576	\$ 1,007,553	\$ 1,297,426	\$ 1,118,958	\$ 1,132,435	\$ 968,140	\$ 889,735	\$ 689,054	\$ 343,205
Contributions in relation to the contractually required contributio	994,236	1,031,576	1,007,553	1,297,426	1,118,958	1,132,435	968,140	889,735	689,054	343,205
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
District's covered payroll	\$ 7,087,143	\$ 7,068,953	\$ 7,005,938	\$ 6,613,670	\$ 5,968,689	\$ 5,745,207	\$ 5,692,775	\$ 5,876,070	\$ 5,903,666	\$ 5,671,835
Contributions as a percentage of covered payroll	14.03%	14.59%	14.38%	19.62%	18.75%	19.71%	17.01%	15.14%	11.67%	6.05%

TRS Pension Plan

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 3,582,553	\$ 3,357,477	\$ 3,962,795	\$ 4,396,082	\$ 5,662,999	\$ 5,187,357	\$ 3,697,374	\$ 3,435,792	\$ 2,676,091	\$ 1,914,703
Contributions in relation to the contractually required contributio	3,582,553	3,357,477	3,962,795	4,396,082	5,662,999	5,187,357	3,697,374	3,435,792	2,676,091	1,914,703
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
District's covered payroll	\$ 33,988,812	\$ 34,259,964	\$ 34,103,227	\$ 33,152,956	\$ 32,304,615	\$ 31,922,196	\$ 31,227,821	\$ 30,925,220	\$ 31,045,134	\$ 30,932,201
Contributions as a percentage of covered payroll	10.54%	9.80%	11.62%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%

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

ERS Pension Plan					
	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0194964%	0.0211987%	0.0242177%	0.024139%	0.022974%
District's proportionate share of the net pension asset/(liability)	\$ (1,381,378)	\$ (684,177)	\$ (2,275,550)	\$ (3,874,309)	\$ (776,119)
District's covered payroll	\$ 7,076,976	\$ 6,797,871	\$ 7,036,845	\$ 7,078,444	\$ 5,968,689
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	19.52%	10.06%	32.34%	54.73%	13.00%
Plan fiduciary net position as a percentage of total pension asset/(liability)	96.27%	98.24%	94.70%	90.70%	97.90%

TRS Pension Plan					
	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.210327%	0.213371%	0.214846%	0.215159%	0.216106%
District's proportionate share of the net pension asset/(liability)	\$ 3,803,273	\$ 1,621,830	\$ (2,301,094)	\$ 22,348,134	\$ 24,072,842
District's covered payroll	\$ 34,259,964	\$ 34,103,227	\$ 33,152,956	\$ 32,304,615	\$ 31,922,196
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	11.10%	4.76%	6.94%	69.18%	75.41%
Plan fiduciary net position as a percentage of total pension asset/(liability)	101.53%	100.66%	99.01%	110.46%	111.48%

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

**WANTAGH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND
AND SECTION 1318 REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget		\$ 77,953,532
Add: Prior year's encumbrances		<u>158,585</u>
Original budget		78,112,117
Add: Budget revisions		
Community donations	\$ 8,245	
Forest Lake PTA donations	621	
Appropriation of capital reserve	800,000	
Cyber-attack	176,000	
Appropriation of workers' compensation reserve	140,000	
Appropriation of employee benefit accrued liability reserve	<u>31,000</u>	<u>1,155,866</u>
Final budget		<u><u>\$ 79,267,983</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter approved expenditure budget		<u>\$ 79,806,470</u>
Maximum allowed (4% of 2019-20 budget)		<u>\$ 3,192,259</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,191,830	
Unassigned fund balance	<u>1,445,933</u>	
Total unrestricted fund balance		<u>2,637,763</u>
Less:		
Appropriated fund balance	\$ 1,125,000	
Encumbrances	<u>66,830</u>	
Total adjustments		<u>1,191,830</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 1,445,933</u></u>
Actual percentage		1.81%

WANTAGH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SUPPLEMENTAL SCHEDULE 6

Project Title	Original Authorization	Revised Authorization	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2019		
			Prior Years	Current Year	Total		Proceeds of Obligations	Federal and State Aid	Local			Total	
									Sources				
Smart Schools Security and Technology	9004	\$ 9,645	\$ 1,350,706	\$ 6,320	\$ 903,872	\$ 910,192	\$ 440,514	\$ -	\$ 1,350,706	\$ -	\$ 1,350,706	\$ 440,514	
MS Locker Replacements	6024		500,000	77,714	44,713	122,427	377,573				500,000	600,000	377,573
Available Appropriations 2018-19	9999	600,000	600,000				600,000				600,000	600,000	600,000
Available Appropriations 2017-18	9999	500,000											
Available Smart Schools Bond Fund	9999	1,580,390	239,329				239,329		239,329				
MS/HS Science Labs	1033	400,000	400,000	388,321		388,321	11,679				397,310	239,329	239,329
MS/HS Renovations	1033	642,573	793,596	663,875	91,047	754,922	38,674				793,596	397,310	8,989
Mandalay Renovations	4013	625,512	642,913	637,131	5,781	642,912					642,913	793,596	38,674
Forest Lake Renovations	5016	479,703	590,080	576,763	13,317	590,080					590,080	642,913	1
MS Boiler Replacement	6025	850,000	800,000		93,254	93,254	706,746				800,000	590,080	
Available Capital Reserve	9999	536,213									800,000	800,000	706,746
Available Bond Proceeds	9999	68,466	68,466				68,466					800,000	
High School EPC	1031	1,760,036	1,760,036	1,760,036		1,760,036		68,466				68,466	68,466
Middle School EPC	6021	2,003,015	2,003,015	2,003,015		2,003,015		1,760,036				68,466	
Wantagh Elementary EPC	8020	3,136,895	3,136,895	3,136,895		3,136,895		2,003,015				1,760,036	
Forest Lake EPC	5015	1,199,012	1,199,012	1,199,012		1,199,012		2,003,015				2,003,015	
Mandalay EPC	4012	1,167,837	1,167,837	1,167,837		1,167,837		3,136,895				3,136,895	
Forest Lake Renovations	5017		193,196	134,033	3,453	137,486	55,710				193,196	1,199,012	
Middle School Renovations	6023		851,556	268,098	526,985	795,083	56,473				851,663	1,167,837	
Mandalay Renovations	4014		40,760	30,372	1,835	32,207	8,553				193,303	1,167,837	
High School Renovations	1034		663,486	209,847	37,447	247,294	416,192				851,663	1,167,837	
High School Renovations	1035		541,328	47,330	69,895	117,225	424,103				40,760	416,192	
High School Renovations	1036		700,000		11,530	11,530	688,470				663,486	663,486	416,192
Wantagh Elementary Renovations	1034		12,130				12,130				541,328	541,328	424,103
Available Appropriations 2016-17	9999	500,000	20,094				2,690				700,000	700,000	688,470
Available Appropriations 2015-16	9999		2,690								12,130	12,130	12,130
HS Track	1037				8,000	8,000	(8,000)				20,094	20,094	20,094
Available Capital Reserve-Phase 2	9999		4,955				4,955				2,690	2,690	2,690
											4,955	4,955	(8,000)
											4,955	4,955	4,955
Totals		\$ 16,009,297	\$ 18,282,080	\$ 12,306,599	\$ 1,811,129	\$ 14,117,728	\$ 4,164,351	\$ 9,335,261	\$ 1,590,035	\$ 7,354,201	\$ 18,279,604	\$ 18,279,604	4,161,769
													(1,590,035) **
													\$ 2,571,734

** Smart Bond proceeds to be received subsequent to June 30, 2019

**WANTAGH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2019**

Capital assets, net		\$ 49,390,382
Add:		
Unamortized deferred charges from advance refunding	\$ 334,800	334,800
Deduct:		
Deferred gain from advance refunding of debt	\$ 337,705	
Energy performance contract	7,972,850	
Serial bonds payable	9,955,000	
Less: unspent bond proceeds	(68,466)	18,197,089
Net investment in capital assets		\$ 31,528,093

See Paragraph on Other Supplementary Information Included in Auditor's Report.

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
Wantagh Union Free School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Wantagh Union Free School District as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wantagh Union Free School District's basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wantagh 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*.

Purpose of this Report

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

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 10, 2019

To the Board of Education and
Anthony Cedrone, CPA
Assistant Superintendent for Business
Wantagh Union Free School District
3301 Beltagh Avenue
Wantagh, New York 11793

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary funds of the Wantagh Union Free School District as of and for the fiscal year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Wantagh Union Free School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wantagh Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wantagh 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters. We have also included the status of prior year findings and recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

SCHOOL LUNCH FUND

Operating Loss

During our current year audit, we noted that the school lunch fund had an operating loss of \$44,058 and the fund balance had a deficit balance of \$31,651. We recommend that the District continue to review the financial operations of the school lunch fund and implement measures to ensure that the program is a self-sustaining program.

EXTRACLASSROOM ACCOUNTS

During our current year audit of the District's extra classroom activity accounts, we noted the following:

- One out of twenty cash receipts tested at the High School was missing a student signature.
- One out of twenty cash receipts tested at the High School was missing the signature of the faculty adviser receiving money.

We recommend the District review the procedures for extra classroom cash receipts to improve the internal controls.

STATUS OF PRIOR YEAR RECOMMENDATIONS

SCHOOL LUNCH FUND

Operating Loss

FINDINGS: During our prior year audit, we noted that the school lunch fund had an operating loss of approximately \$5,700 and fund balance was approximately \$5,900. We recommended that the District continue to review the financial operations of the school lunch fund and implement measures to ensure that the program is a self-sustaining program.

STATUS: **Not Implemented.**

EXTRA CLASSROOM ACCOUNTS

FINDINGS: During our prior year audit of all the District's extra classroom activity accounts, we noted the following:

- Six out of twenty receipts tested had no supporting documentation and one out of twenty did not agree to the deposit slip.

We recommended the District review the procedures for extra classroom receipts to improve the internal controls.

STATUS: **Partially Implemented.** See current year findings.

* * * * *

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 10, 2019

October 10, 2019

To the Board of Education
Wantagh Union Free School District
3301 Beltagh Avenue
Wantagh, New York 11793

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of Wantagh Union Free School District for the fiscal year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 9, 2018 and our addendum dated March 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wantagh Union Free School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year 2019. We noted no transactions entered into by Wantagh Union Free School District the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Wantagh Union Free School District's financial statements were:

- Useful Life of Capital Assets – Management's estimate of the useful life of capital assets is based on the historical asset life information for Wantagh Union Free School District's capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Compensated Absences Liability – Management’s estimate of the liability for compensated absences is based on historical information regarding employees who have separated from Wantagh Union Free School District and their terminal payout amounts, in order to determine the probability and amount of future payouts to employees for vested accumulated sick, vacation and/or leave terminal payouts. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Other Post-Employment Benefits Obligation – Management’s estimate of the liability for other post-employment benefits is based on an actuarial valuation report prepared by a third party. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Workers Compensation Claims Payable – Management’s estimate of the liability for workers compensation payable is provided by a third party. The liability is based on incurred claims and claim adjustments from various actuarial reports and claim payments during the fiscal year ending June 30, 2019. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Net Pension Asset/(Liability) – Management’s estimate of the asset or liability for retirement systems is based on an actuarial valuation report prepared by a third party. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements were detected as a result of audit procedures and were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 10, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Wantagh Union Free School District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Finding or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Wantagh Union Free School District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, budgetary comparison information, schedule of changes in District’s OPEB liability, schedule of District’s proportionate share of the net pension asset/(liability), and the schedule of District’s contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of change from adopted budget to final budget – general fund and real property tax law limit schedule of project expenditures - capital projects fund and net investment in capital assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Education, Audit Committee and management of Wantagh Union Free School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP

Wantagh UFSD
Year End: June 30, 2019
Adjusting journal entries

Number	Date	Name	Account No	Debit	Credit
1	6/30/2019	High School track	I 1621.245-06-1037 H	\$ 8,000.00	
		Middle School heating pumps (17/18 improvement project)	I 1621.294-05-6024 H	31,217.00	
		Middle School bathrooms-plumbing	I 1621.295-05-6024 H	1,425.00	
		Middle School boilers-HVAC	HA 1621.294-05-6025 H	66,642.50	
		High School phase 2b electrical	HR 1621.296-06-1035 H	47,025.00	
		Accounts payable	I600 H		\$ (1,425.00)
		Accounts payable	I600 H		(31,217.00)
		Accounts payable	I600 H		(8,000.00)
		Accounts payable	HR600 H		(47,025.00)
		Accounts payable	HA 600 H		(66,642.50)
To record additional accounts payable in the capital fund.					
2	6/30/2019	Due to general fund	C630 C	\$ 21,896.12	
		Due from lunch fund	A 1620.162-03-0000 A	21,896.12	
		Custodial	C 2860.162-00-0000 C		\$ (21,896.12)
		Custodians/ Cleaners	A 3913 A		(21,896.12)
To reclass custodial expenses to the school lunch fund from the general fund.					
3	6/30/2019	Accounts receivable	C380 C	\$ 3,134.20	
		Collections in advance	C691 C		\$ (3,134.20)
To reclass balance in collections in advance to accounts receivable in the school lunch fund.					
4	6/30/2019	Interest income	HR 2401 H	\$ 24,255.33	
		Due from other funds	HR391 H		\$ (24,255.33)
To reclass interest income recorded in the capital fund to the debt service fund.					
5	6/30/2019	Due from other funds	V391 V	\$ 24,255.33	
		Interest and earnings	V 2401 V		\$ (24,255.33)
To reclass interest income recorded in the capital fund to the debt service fund.					