

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

**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 15 and 57 through 60, 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 September 29, 2020, 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  
September 29, 2020

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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, 2020. 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 2020, are as follows:

- The District's total net position, as reflected in the District-Wide Financial Statements, decreased by \$7,687,014.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$89,579,325. Of this amount, \$3,209,974 was offset by operating grants, capital grants and program charges for services. General revenues of \$78,675,337 amount to 96.08% of total revenues.
- The general fund's total fund balance, as reflected in the Fund Financial Statements on pages 17 and 19, increased by \$41,039 to \$6,239,702. This was due to an excess of revenues over expenditures and other financing uses based on the modified accrual basis of accounting.
- The District received operating and capital grants of \$1,253,980 and \$1,581,964, respectively, to support instructional and food service programs.
- Federal and state aid recorded in the general fund increased by \$317,306 to \$17,255,291 in 2020 from \$16,937,985 in 2019.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.

## **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

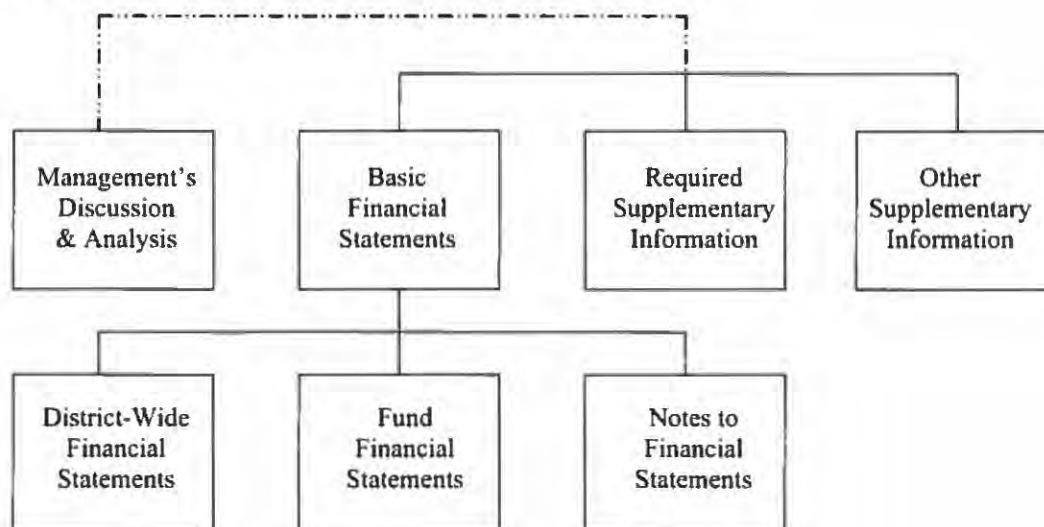
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- 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.

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, 2020**

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

Table A-2: Major Features of the District-Wide 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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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, 2020**

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**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, 2020

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**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 \$7,687,014 in the fiscal year ended June 30, 2020 as detailed in Table A-3.

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	2020	* As restated 2019	Increase (Decrease)	Percentage Change
Current and other assets	\$ 16,048,930	\$ 15,825,451	\$ 223,479	1.41%
Capital assets, net	50,882,603	49,390,382	1,492,221	3.02%
Net pension asset - proportionate share - teachers' retirement system	5,251,612	3,803,273	1,448,339	38.08%
Deferred outflows of resources	46,267,275	25,882,081	20,385,194	78.76%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>118,450,420</b>	<b>94,901,187</b>	<b>23,549,233</b>	<b>24.81%</b>
Current and other liabilities	7,671,247	6,937,962	733,285	10.57%
Long-term liabilities	179,509,081	147,566,089	31,942,992	21.65%
Deferred inflows of resources	24,812,130	26,252,160	(1,440,030)	(5.49%)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>211,992,458</b>	<b>180,756,211</b>	<b>31,236,247</b>	<b>17.28%</b>
<b>Net position</b>				
Net investment in capital assets	35,716,654	31,528,093	4,188,561	13.29%
Restricted	4,320,261	6,175,540	(1,855,279)	(30.04%)
Unrestricted (deficit)	(133,578,953)	(123,558,657)	(10,020,296)	(8.11%)
<b>Total Net Position (Deficit)</b>	<b>\$ (93,542,038)</b>	<b>\$ (85,855,024)</b>	<b>\$ (7,687,014)</b>	<b>(8.95%)</b>

\*The bond premium has been reclassified from deferred inflows of resources to long-term liabilities.

Current and other assets increased by \$223,479 from the prior year primarily due to increases in taxes receivable, state and federal aid receivables offset by a decrease in the District's cash balances, due from other governments and due from fiduciary funds.

Capital assets (net of depreciation) increased by \$1,492,221. 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 \$1,448,339, as compared to last year as a result of the actuarial valuation provided by the State.

Deferred outflows of resources increased by \$20,385,194, as compared to the prior year. The changes in deferred outflows represent amortization of pension related items as discussed in Note 13 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 14.

Current and other liabilities increased by \$733,285. This was primarily due to an increase in accrued liabilities, due to other governments and compensated absences payable offset by a decrease in accounts payable, and due to teachers' retirement system.

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Long-term liabilities increased by \$31,942,992 which was primarily attributable to an increase in the total other post-employment benefit obligation, workers' compensation claims payable, compensated absences payable and net pension liability - proportionate share-employees' retirement system offset by a decrease in bonds payable and energy performance contract.

The decrease of \$1,440,030 in deferred inflows of resources represent the amortization of pension related items as discussed in Note 13, and deferred inflows related to other post-employment benefits obligation, as discussed in Note 14.

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 \$4,188,561 due to an increase in capital outlay and a reduction in related debt offset by depreciation.

The restricted net position at June 30, 2020, relates to the District's reserve funds established for a specific purpose. Restricted net position decreased by \$1,855,279 primarily due to a decrease in the capital reserve offset by an increase in employee benefit accrued liability reserve.

The unrestricted net deficit at June 30, 2020 of (\$133,578,953) relates to the balance of the District's net position. The unrestricted net deficit increased by \$10,020,296.

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**B. Changes in Net Position:**

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

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 374,030	\$ 554,759	\$ (180,729)	(32.58%)
Operating grants	1,253,980	1,247,405	6,575	.53%
Capital grants	1,581,964		1,581,964	N/A
General Revenues				
Real property taxes and other tax items	60,401,290	58,762,303	1,638,987	2.79%
State and federal sources	17,493,913	16,937,985	555,928	3.28%
Other	780,134	718,203	61,931	8.62%
Total Revenues	<u>81,885,311</u>	<u>78,220,655</u>	<u>3,664,656</u>	4.69%
<b>Expenses</b>				
General support	14,243,530	10,836,804	3,406,726	31.44%
Instruction	71,123,575	66,158,678	4,964,897	7.50%
Pupil transportation	3,022,393	3,650,001	(627,608)	(16.29%)
Debt service-unallocated interest	525,291	587,953	(62,662)	(10.66%)
Food service program	657,536	655,636	1,900	0.290%
Total Expenses	<u>89,572,325</u>	<u>81,889,072</u>	<u>7,683,253</u>	9.38%
Total Change in Net Position	<u>\$ (7,687,014)</u>	<u>\$ (3,668,417)</u>	<u>\$ (4,018,597)</u>	(109.55%)

The District's revenues increased by 4.69% in 2020 or \$3,664,656. The major factors that contributed to the increase were:

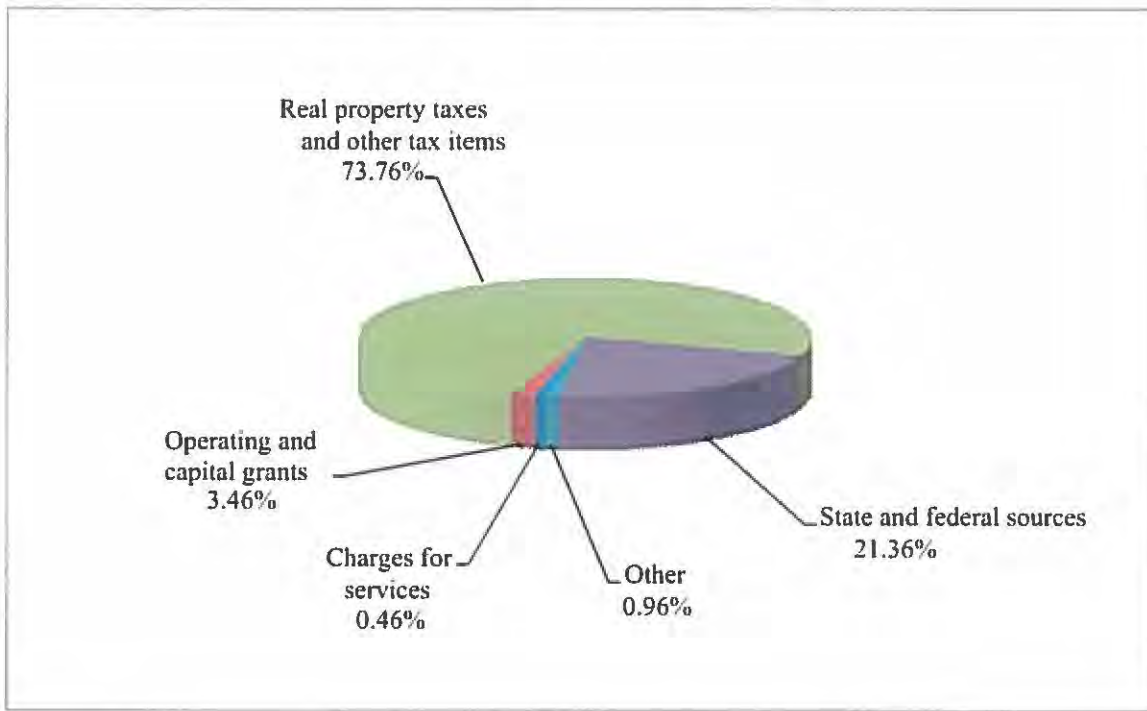
- Capital grants increased by \$1,581,964 from the prior year.
- Real property taxes and other tax item revenues increased by \$1,638,987 or 2.79% from the prior year.
- The District's state and federal sources increased by \$555,928 or 3.28%.

The District's expenses for the year increased by \$7,683,253 or 9.38%. This was primarily attributable to an increase in general support and instruction offset by a decrease in pupil transportation.

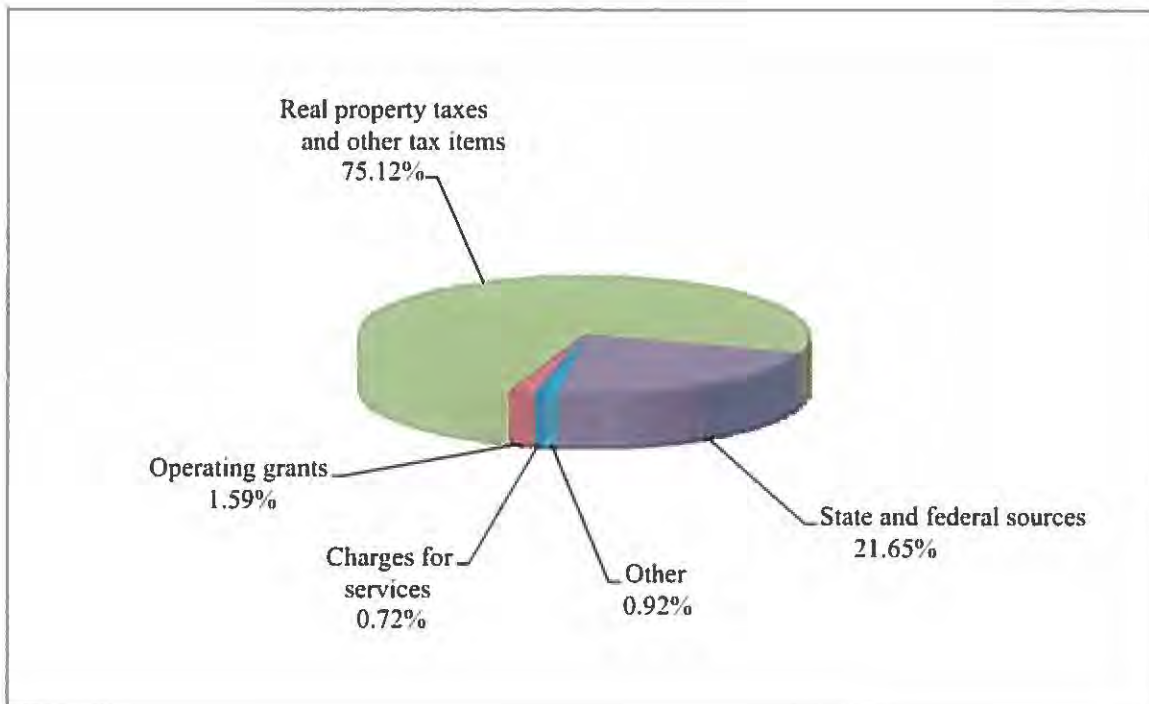
A graphic display of the distribution of revenues for the two years follows:

WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

For the Fiscal Year Ended June 30, 2020



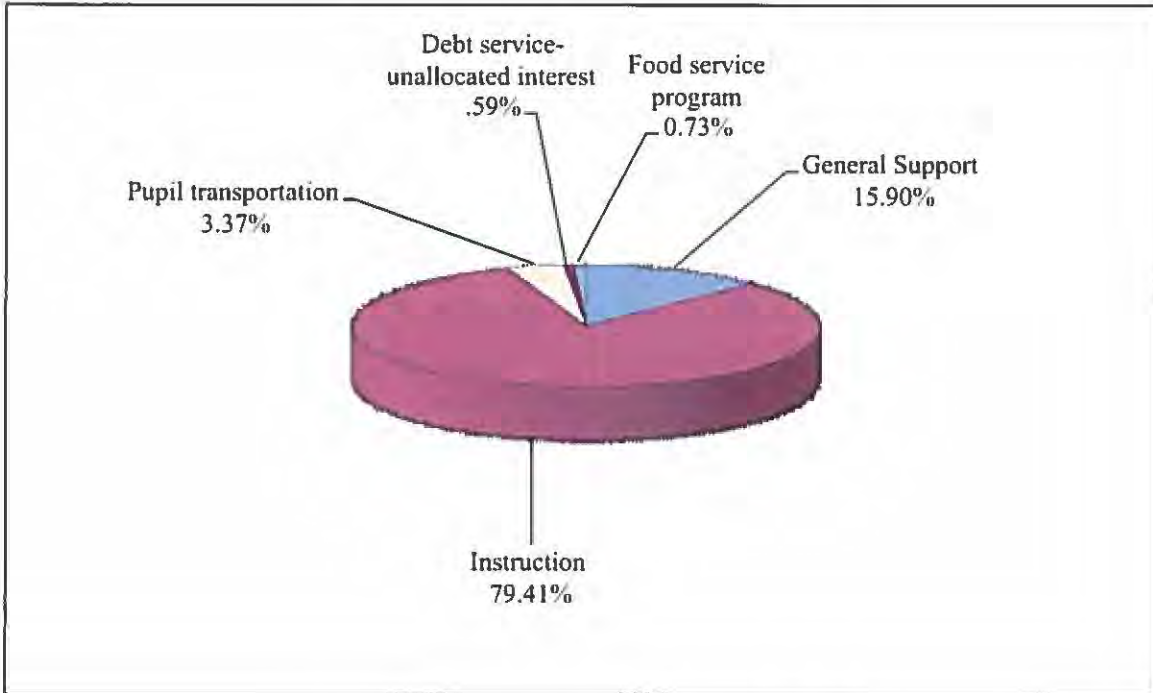
For the Fiscal Year Ended June 30, 2019



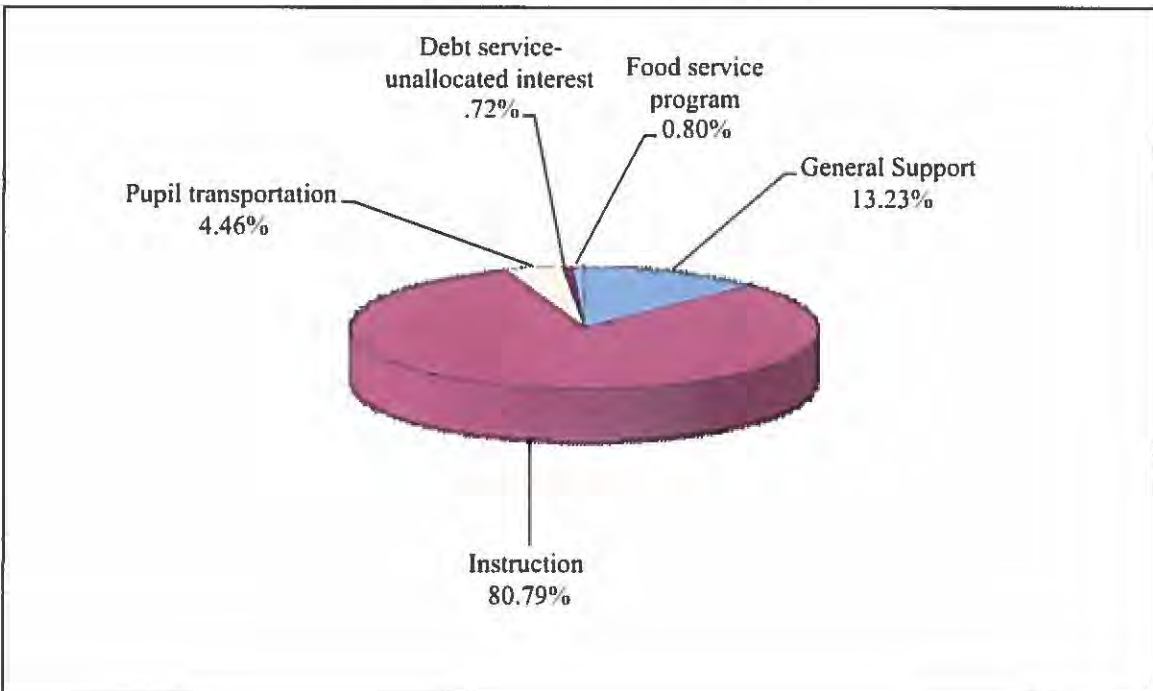
WANTAGH UNION FREE SCHOOL DISTRICT  
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A graphic display of the distribution of expenses for the two years follows:

For the Fiscal Year Ended June 30, 2020



For the Fiscal Year Ended June 30, 2019



**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

#### **4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$7,971,457, which is a decrease of \$1,016,490 from the prior year. This decrease is primarily due to capital fund expenditures exceeding revenues and other financing sources. A summary of the change in fund balance by fund is as follows:

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted				
Workers' compensation	\$ 450,000	\$ 456,500	\$ (6,500)	(1.42%)
Unemployment insurance	245,000	230,750	14,250	6.18%
Employee benefit accrued liability	900,000	782,650	117,350	14.99%
Retirement contributions	2,129,289	2,091,000	38,289	1.83%
Total restricted	<u>3,724,289</u>	<u>3,560,900</u>	<u>163,389</u>	<u>4.59%</u>
Assigned				
Unappropriated encumbrances	686,812	66,830	619,982	927.70%
Appropriated for subsequent year's budget	-	1,125,000	(1,125,000)	(100.00%)
Total assigned	<u>686,812</u>	<u>1,191,830</u>	<u>(505,018)</u>	<u>(42.37%)</u>
Unassigned	<u>1,828,601</u>	<u>1,445,933</u>	<u>382,668</u>	<u>26.47%</u>
Total general fund	<u>\$ 6,239,702</u>	<u>\$ 6,198,663</u>	<u>\$ 41,039</u>	<u>0.66%</u>
<b>School Lunch Fund</b>				
Nonspendable	1,466	4,268	(2,802)	(65.65%)
Assigned	12	-	12	N/A
Unassigned	-	(35,919)	35,919	100.00%
Total school lunch fund	<u>1,478</u>	<u>(31,651)</u>	<u>33,129</u>	<u>(104.67%)</u>
<b>Debt Service Fund</b>				
Restricted	<u>249,296</u>	<u>249,201</u>	<u>95</u>	<u>0.04%</u>
Total debt service fund	<u>249,296</u>	<u>249,201</u>	<u>95</u>	<u>0.04%</u>
<b>Capital Projects Fund</b>				
Restricted				
Capital	346,676	2,365,439	(2,018,763)	(85.34%)
Unspent bond proceeds	68,466	68,466	-	0.00%
Assigned	<u>1,065,839</u>	<u>137,829</u>	<u>928,010</u>	<u>673.31%</u>
Total capital projects fund	<u>1,480,981</u>	<u>2,571,734</u>	<u>(1,090,753)</u>	<u>(42.41%)</u>
Total Fund Balances - All funds	<u>\$ 7,971,457</u>	<u>\$ 8,987,947</u>	<u>\$ (1,016,490)</u>	<u>(11.31%)</u>

WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

## 5. GENERAL FUND BUDGETARY HIGHLIGHTS

### A. 2019-2020 Budget:

The District's general fund adopted budget for the year ended June 30, 2020, was \$79,806,470. This is an increase of \$1,852,938 over the prior year's adopted budget. The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$60,403,522 in estimated property taxes and STAR, and state aid in the amount of \$17,383,983. The District's general fund final budget for the year ended June 30, 2020 was \$80,761,992 which is an increase of \$955,522 over the adopted budget. The increase includes prior years encumbrances of \$59,565 and budget revisions of \$40,128 from grants, gifts and donations, \$205,000 of additional expenditures appropriated due to the District's cyber-attack, \$200,000 appropriated from the workers' compensation reserve and \$450,829 appropriated from the employees' 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	\$ 1,445,933
Revenues under budget	(133,874)
Expenditures and other financing uses and encumbrances under budget	1,593,495
Budget revision - cyber attack	(205,000)
Encumbrance adjustment	7,266
Unused appropriated reserve	(65,000)
Interest allocated to reserves	(63,082)
Transfers to reserves	(751,137)
Closing, unassigned fund balance	<u>\$ 1,828,601</u>

#### Opening, Unassigned Fund Balance

The \$1,445,933 shown in the table is the portion of the District's June 30, 2019, fund balance that was retained as unassigned.

#### Revenues and Other Financing Sources Over Budget

The 2019-2020 final budget for revenues and other financing sources was \$80,761,992. The actual revenues received for the year were \$78,522,724. The actual revenue under budget was \$133,874. This variance contributes directly to the change to the unassigned portion of the fund balance in the general fund from June 30, 2019 to June 30, 2020.



**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Expenditures and Other Financing Uses and Encumbrances Under Budget

The 2019-2020 final budget for expenditures was \$80,761,992. The actual expenditures, other financing uses and encumbrances were \$79,168,497. The final budget was under expended by \$1,593,495. This under expenditure contributes to the change to the unassigned portion of the fund balance in the general fund from June 30, 2019 to June 30, 2020.

Budget Revision

The District incurred additional expenses of \$205,000 from the unassigned fund balance due to a cyber-attack that occurred during the year.

Unused Appropriated Reserve

In the 2019-20 budget, \$65,000 of reserves were appropriated for the employee retirement reserve which the District decided not to use this funding and, therefore, it was returned to the reserves for future use.

Interest Allocated to Reserves

Interest of \$63,082 was allocated to reserves as follows: \$4,225 to the unemployment insurance reserve, \$6,236 to the workers' compensation reserve, \$14,332 to employee benefit accrued liability reserve, and \$38,289 to the retirement contribution reserve.

Transfer to Reserves

The District funded the workers' compensation reserve in the amount of \$187,265, the unemployment insurance reserve in the amount of \$10,025 and the employee benefit accrued liability reserve in the amount of \$553,847 from the unassigned fund balance.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the above table, the District will begin the 2020-2021 fiscal year with an unassigned fund balance of \$1,828,601. This is an increase of \$382,668 from the unassigned balance from the prior year and represents 2.25% of the District's 2020-2021 operating budget.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets:**

At June 30, 2020, 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, 2020. A summary of the District's capital assets, net of depreciation at June 30, 2020 and 2019, is as follows:

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Category	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percentage Change
Land	\$ 3,484,000	\$ 3,484,000	\$ -	0.00%
Construction in progress	-	4,844,609	(4,844,609)	(100.00%)
Buildings and improvements	46,470,358	40,157,986	6,312,372	15.72%
Site improvements	200,144	249,021	(48,877)	(19.63%)
Vehicles, machinery, and equipment	728,101	654,766	73,335	11.20%
Net Capital Assets	<u>\$ 50,882,603</u>	<u>\$ 49,390,382</u>	<u>\$ 1,492,221</u>	<u>3.02%</u>

**B. Debt Administration:**

At June 30, 2020, the District had total bonds payable of \$7,855,000. A summary of the outstanding bonds at June 30, 2020 and 2019 is as follows:

Issue Date	2020	2019	Increase (Decrease)
7/21/2015	\$ 4,430,000	\$ 5,480,000	\$ (1,050,000)
10/23/2013	3,425,000	4,475,000	(1,050,000)
	<u>\$ 7,855,000</u>	<u>\$ 9,955,000</u>	<u>\$ (2,100,000)</u>

At June 30, 2020, the District had total energy performance contract debt of \$7,389,623. A summary of the outstanding energy performance contract debt at June 30, 2020 and 2019 is as follows:

Issue Date	Final Maturity	Interest Rate	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)
5/24/2016	5/24/2031	2.32%	<u>\$ 7,389,623</u>	<u>\$ 7,972,850</u>	<u>\$ (583,227)</u>

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

- A)** The District designated voter approved budget for 2020-2021 is \$81,227,910. This is an increase of \$1,421,440 or 1.75% from the previous year's budget. The tax cap discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19 may impact the District's future budgets.
- B)** The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C)** On August 19, 2020, the District issued tax anticipation notes (TANs) for \$6,500,000, maturing on June 25, 2021. The TAN has a stated interest rate of 1.25%.

**WANTAGH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**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, 2020

EXHIBIT 2

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	
Unrestricted	\$ 7,483,086
Restricted	4,139,431
Tax Receivables	1,561,330
Receivables	
State and federal aid	2,391,516
Due from other governments	192,626
Due from fiduciary funds	278,722
Accounts receivables	753
Prepaid expenses	
Inventories	1,466
Non Current Assets	
Capital assets	
Not being depreciated	3,484,000
Being depreciated, net of accumulated depreciation	47,398,603
Net pension asset - proportionate share - teachers' retirement system	5,251,612
<b>TOTAL ASSETS</b>	<u>72,183,145</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges from refunding of debt	267,840
Other post-employment benefits obligation	24,870,745
Pensions	21,128,690
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>46,267,275</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>118,450,420</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	647,287
Accrued liabilities	931,616
Due to other governments	2,026,821
Due to teachers' retirement system	3,254,014
Due to employees' retirement system	272,414
Accrued interest payable	82,421
Compensated absences payable	426,733
Unearned credits	
Collections in advance	29,941
Long-term liabilities	
Due within one year	
Bonds payable (inclusive of unamortized premiums)	2,245,073
Energy performance contract	596,866
Compensated absences payable	260,460
Due in more than one year	
Bonds payable (inclusive of unamortized premiums)	5,867,559
Energy performance contract	6,792,757
Total other post-employment benefits obligation	155,045,058
Workers' compensation claims payable	362,501
Compensated absences payable	3,117,252
Net pension liability - proportionate share - employees' retirement system	5,221,555
<b>TOTAL LIABILITIES</b>	<u>187,180,328</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Other post-employment benefits obligation	17,570,539
Pensions	7,241,591
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>24,812,130</u>
<b>NET POSITION</b>	
Net investment in capital assets	<u>35,716,654</u>
Restricted	
Workers' compensation	450,000
Unemployment insurance	245,000
Employee benefit accrued liability	900,000
Retirement contribution	2,129,289
Capital	346,676
Debt service-principal and interest	249,296
	<u>4,320,261</u>
Unrestricted (deficit)	<u>(133,578,953)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (93,542,038)</u>

See Accompanying Notes to Financial Statements

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

FUNCTIONS/PROGRAMS			Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions	
General support	\$ 14,243,530	\$	\$	\$	\$ (14,243,530)
Instruction	71,123,575	86,104	1,060,241	1,581,964	(68,395,266)
Pupil transportation	3,022,393				(3,022,393)
Debt service - interest	525,291				(525,291)
Food service program	657,536	287,926	193,739		(175,871)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ 89,572,325</b>	<b>\$ 374,030</b>	<b>\$ 1,253,980</b>	<b>\$ 1,581,964</b>	<b>(86,362,351)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					53,321,782
STAR and other real property tax items					7,079,508
Use of money and property					304,580
Sales of property and compensation for loss					114,946
State and federal sources					17,493,913
Miscellaneous					360,608
<b>TOTAL GENERAL REVENUES</b>					<b>78,675,337</b>
<b>CHANGE IN NET POSITION</b>					
					(7,687,014)
<b>TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>					
					<b>(85,855,024)</b>
<b>TOTAL NET POSITION (DEFICIT) - END OF YEAR</b>					
					<b>\$ (93,542,038)</b>

**WANTAGH UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
<b>ASSETS</b>						
Cash and cash equivalents						
Unrestricted	\$ 6,383,436	\$ 5,271	\$ 42,800	\$ -	\$ 1,051,579	\$ 7,483,086
Restricted	3,724,289				415,142	4,139,431
Receivables						
Tax Receivables	1,561,330					1,561,330
State and federal aid	1,610,248	34,239	497,004		250,025	2,391,516
Due from other governments	18,530		174,096			192,626
Due from other funds	1,134,541	100,020	16,950	249,633	55,994	1,557,138
Accounts receivables	753					753
Inventories		1,466				1,466
<b>TOTAL ASSETS</b>	<b>\$ 14,433,127</b>	<b>\$ 140,996</b>	<b>\$ 730,850</b>	<b>\$ 249,633</b>	<b>\$ 1,772,740</b>	<b>\$ 17,327,346</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 600,604	\$ 7,546	\$ 39,137	\$ -	\$ -	\$ 647,287
Accrued liabilities	920,935		10,681			931,616
Due to other governments	2,025,639	1,182				2,026,821
Due to other funds	454,464	109,824	672,057	337	41,734	1,278,416
Due to teachers' retirement system	3,254,014					3,254,014
Due to employees' retirement system	272,414					272,414
Compensated absences payable	426,733					426,733
Unearned credits						
Collections in advance		20,966	8,975			29,941
<b>TOTAL LIABILITIES</b>	<b>7,954,803</b>	<b>139,518</b>	<b>730,850</b>	<b>337</b>	<b>41,734</b>	<b>8,867,242</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
State aid	238,622				250,025	488,647
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable inventory		1,466				1,466
Restricted						
Workers' compensation	450,000					450,000
Unemployment insurance	245,000					245,000
Employees' benefit accrued liability	900,000					900,000
Retirement contribution						
Employee retirement system	2,129,289					2,129,289
Capital					346,676	346,676
Debt service-principal and interest				249,296		249,296
Unspent bond proceeds					68,466	68,466
Assigned						
Unappropriated fund balance	686,812	12			1,065,839	1,752,663
Unassigned	1,828,601					1,828,601
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>6,239,702</b>	<b>1,478</b>	<b>-</b>	<b>249,296</b>	<b>1,480,981</b>	<b>7,971,457</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,433,127</b>	<b>\$ 140,996</b>	<b>\$ 730,850</b>	<b>\$ 249,633</b>	<b>\$ 1,772,740</b>	<b>\$ 17,327,346</b>

**WANTAGH UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

Total Governmental Fund Balances	\$	7,971,457
Amounts reported for governmental activities in the Statement of Net Position are different because:		
<p>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.</p>		
Original cost of capital assets	\$	118,121,859
Accumulated depreciation	<u>(67,239,256)</u>	50,882,603
Deferred inflows are reported in the governmental funds but not in the Statement of Net Position		488,647
<p>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:</p>		
		5,251,612
<p>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:</p>		
Deferred charges on refunding	\$	267,840
Deferred outflows related to OPEB liability	24,870,745	
Deferred outflows related to pensions	<u>21,128,690</u>	46,267,275
<p>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:</p>		
Accrued interest on bonds and energy performance contract		(82,421)
<p>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:</p>		
Bonds payable (inclusive of unamortized premiums)	\$	(8,112,632)
Energy performance contract	(7,389,623)	
Total other post-employment benefits obligation	(155,045,058)	
Workers' compensation claims payable	(362,501)	
Compensated absences payable	(3,377,712)	
Net pension liability - proportionate share-employees' retirement system	<u>(5,221,555)</u>	(179,509,081)
<p>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.</p>		
Deferred inflows related to total OPEB liability	\$	(17,570,539)
Deferred inflows related to pensions	<u>(7,241,591)</u>	(24,812,130)
Total Net Position (Deficit)		<u>\$ (93,542,038)</u>

See Accompanying Notes to Financial Statements.

**WANTAGH UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
<b>REVENUES</b>						
Real property taxes	\$ 53,321,782	\$ -	\$ -	\$ -	\$ -	\$ 53,321,782
STAR and other real property tax items	7,079,508					7,079,508
Charges for services	86,104					86,104
Use of money and property	304,485			95		304,580
Sale of property and compensation for loss	114,946					114,946
Forfeitures	200					200
Miscellaneous	360,408					360,408
State sources	17,222,696	7,107	414,896		1,331,939	18,976,638
Federal sources	32,595	141,682	645,345			819,622
Surplus food		44,950				44,950
School lunch sales		287,926				287,926
<b>TOTAL REVENUES</b>	<b>78,522,724</b>	<b>481,665</b>	<b>1,060,241</b>	<b>95</b>	<b>1,331,939</b>	<b>81,396,664</b>
<b>EXPENDITURES</b>						
General support	8,512,865					8,512,865
Instruction	45,176,068		1,104,184			46,280,252
Pupil transportation	2,814,176		92,598			2,906,774
Food service program		657,536				657,536
Employee benefits	17,693,367					17,693,367
Capital outlay					3,122,692	3,122,692
Debt service - principal	2,683,227					2,683,227
Debt service - interest	556,441					556,441
<b>TOTAL EXPENDITURES</b>	<b>77,436,144</b>	<b>657,536</b>	<b>1,196,782</b>	<b>-</b>	<b>3,122,692</b>	<b>82,413,154</b>
<b>EXCESS (DEFICIENCY)</b>						
<b>OF REVENUES OVER EXPENDITURES</b>	<b>1,086,580</b>	<b>(175,871)</b>	<b>(136,541)</b>	<b>95</b>	<b>(1,790,753)</b>	<b>(1,016,490)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Operating transfers in		209,000	136,541		700,000	1,045,541
Operating transfers out	(1,045,541)					(1,045,541)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(1,045,541)</b>	<b>209,000</b>	<b>136,541</b>	<b>-</b>	<b>700,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>41,039</b>	<b>33,129</b>	<b>-</b>	<b>95</b>	<b>(1,090,753)</b>	<b>(1,016,490)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>6,198,663</b>	<b>(31,651)</b>	<b>-</b>	<b>249,201</b>	<b>2,571,734</b>	<b>8,987,947</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,239,702</b>	<b>\$ 1,478</b>	<b>\$ -</b>	<b>\$ 249,296</b>	<b>\$ 1,480,981</b>	<b>\$ 7,971,457</b>

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, 2020**

Net change in fund balances		\$ (1,016,490)
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, 2020 changed by:		(114,781)
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, 2020 changed by:		(221,988)
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	\$ (6,588,121)	
Teachers' retirement system	(3,521,451)	
Employees' retirement system	<u>(919,428)</u>	(11,029,000)
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).		488,647
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	\$ 3,334,237	
Depreciation expense	(1,814,437)	
Loss on disposal	<u>(27,579)</u>	1,492,221
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.		2,683,227
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:		13,113
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, 2019 to June 30, 2020 changed by:		<u>18,037</u>
Change in net position		<u>\$ (7,687,014)</u>

**WANTAGH UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020**

	Private Purpose	
	<u>Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 1,030	\$ 895,133
<b>TOTAL ASSETS</b>	<u>\$ 1,030</u>	<u>\$ 895,133</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	278,722
Agency liabilities		446,427
Extraclassroom activity balances		169,984
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$ 895,133</u>
<b>NET POSITION</b>		
Restricted for scholarships	<u>1,030</u>	
<b>TOTAL NET POSITION</b>	<u>1,030</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,030</u>	

See Accompanying Notes to Financial Statements.

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

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

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

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## 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.

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**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

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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.

**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.

**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.

**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.

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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 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of Hempstead during the period October 1<sup>st</sup> through November 10<sup>th</sup>, and April 1<sup>st</sup> through May 10<sup>th</sup> 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 1<sup>st</sup>.

**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.

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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.



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**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 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 had no prepaid items at June 30, 2020.

**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	\$ 50,000	Straight Line	20-50 Years
Site improvements	\$ 25,000	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 other post-employment benefits

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liability and pensions reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 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 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 two items that qualify for reporting in this category. The two amounts are related to other post-employment benefits liability and pensions reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 13.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. This includes receivables of certain state aid and BOCES aid allocations. At June 30, 2020, unavailable revenues relating to state aid receivables of \$488,647 were recorded as deferred inflows of resources in the general fund and capital projects fund.

**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. Collections in advance as of June 30, 2020 consisted of prepaid balances for meals in the school lunch fund and grant monies advanced in the special aid fund.

**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

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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 30<sup>th</sup>.

**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) and Section 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the 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 \$6,000,000 in the fiscal year ended June 30, 2020. See Note 10 for further detail.

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**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.

**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:**

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, 2020 the District has \$1,466 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.

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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.

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. Effective April 1, 2019, a board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

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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.

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, 2020.

**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.

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.

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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.

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, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

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

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.

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**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.

**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



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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 – General Fund.

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:

**WANTAGH UNION FREE SCHOOL DISTRICT  
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- 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.

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, 2020 included \$4,139,431 within the governmental fund for general reserves and capital projects and \$896,163 in the fiduciary funds.

**5. PARTICIPATION IN BOCES**

During the fiscal year the District was billed \$4,553,767 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,335,923. 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, 2020 consisted of the following:

**WANTAGH UNION FREE SCHOOL DISTRICT  
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General Fund	
BOCES aid	\$ 1,091,964
Excess cost aid	518,284
Total - General Fund	<u>1,610,248</u>
School Lunch Fund	
Federal aid	33,186
State aid	1,006
Sales tax	47
Total - School Lunch Fund	<u>34,239</u>
Special Aid Fund	
Federal grants	246,252
State grants	250,752
Total - Special Aid Fund	<u>497,004</u>
Capital Projects Fund	
State grants	<u>250,025</u>
Total - All funds	<u><u>\$ 2,391,516</u></u>

The general fund state aid receivables include \$238,622 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet. The capital projects fund state aid receivables include \$250,025 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

## **7. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
Tuition services	<u>\$ 18,530</u>
Special Aid Fund	
Nassau County	\$ 69,598
Other Districts	104,498
Total - Special Aid Fund	<u>\$ 174,096</u>
Total - All funds	<u><u>\$ 192,626</u></u>

District management has deemed these amounts to be fully collectible.

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**8. CAPITAL ASSETS**

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

	Balance June 30, 2019	Additions	Retirements and Reclassifications	Balance June 30, 2020
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,484,000	\$ -	\$ -	\$ 3,484,000
Construction in progress	4,844,609	3,122,692	(7,967,301)	-
Total capital assets not be depreciated	<u>8,328,609</u>	<u>3,122,692</u>	<u>(7,967,301)</u>	<u>3,484,000</u>
Capital assets being depreciated				
Buildings and improvements	103,823,035	6,320	7,967,301	111,796,656
Site improvements	987,017			987,017
Machinery and equipment	1,453,179	115,546	(161,252)	1,407,473
Vehicles	442,804	89,679	(85,770)	446,713
Total	<u>106,706,035</u>	<u>211,545</u>	<u>7,720,279</u>	<u>114,637,859</u>
Accumulated depreciation				
Buildings and improvements	63,665,049	1,661,249		65,326,298
Site improvements	737,996	48,877		786,873
Machinery and equipment	900,949	78,463	(219,443)	759,969
Vehicles	340,268	25,848		366,116
Total	<u>65,644,262</u>	<u>1,814,437</u>	<u>(219,443)</u>	<u>67,239,256</u>
Net capital assets being depreciated	<u>41,061,773</u>	<u>(1,602,892)</u>	<u>7,939,722</u>	<u>47,398,603</u>
Net capital assets	<u>\$ 49,390,382</u>	<u>\$ 1,519,800</u>	<u>\$ (27,579)</u>	<u>\$ 50,882,603</u>

Depreciation expense and loss on sale of capital assets was allocated to governmental functions as follows:

<u>Function/Program</u>	
General Support	\$ 55,692
Instruction	1,768,206
Transportation	18,118
Total Depreciation	<u>\$ 1,842,016</u>

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## 9. INTERFUND TRANSACTIONS

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,134,541	\$ 454,464	\$ -	\$ 1,045,541
School lunch fund	100,020	109,824	209,000	
Special aid fund	16,950	672,057	136,541	
Debt service fund	249,633	337		
Capital projects fund	55,994	41,734	700,000	
Total government activities	1,557,138	1,278,416	1,045,541	1,045,541
Fiduciary agency fund		278,722		
Totals	<u>\$ 1,557,138</u>	<u>\$ 1,557,138</u>	<u>\$ 1,045,541</u>	<u>\$ 1,045,541</u>

The District transferred \$209,000 from the general fund to the school lunch fund to reduce the loss in this fund.

The District transferred \$136,541 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 \$700,000 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, 2019	Issued	Redeemed	Balance June 30, 2020
TAN	6/25/20	2.00%	\$ -	\$ 6,000,000	\$ 6,000,000	\$ -
Total			<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</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 \$94,000

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## **11. LONG-TERM LIABILITIES**

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

	As restated Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 9,955,000	\$ -	\$ 2,100,000	\$ 7,855,000	\$ 2,165,000
Add: premium on obligation *	337,705		80,073	257,632	80,073
	<u>10,292,705</u>		<u>2,180,073</u>	<u>8,112,632</u>	<u>2,245,073</u>
Energy performance contract	7,972,850		583,227	7,389,623	596,866
Other long-term liabilities:					
Total other post-employment benefits obligation	124,515,712	33,973,160	3,443,814	155,045,058	
Workers' compensation claims payable	247,720	338,666	223,885	362,501	
Compensated absences payable	3,155,724	747,817	525,829	3,377,712	260,460
Net pension liability-proportionate share-ERS	<u>1,381,378</u>	<u>4,829,090</u>	<u>988,913</u>	<u>5,221,555</u>	
Total long-term liabilities	<u>\$ 147,566,089</u>	<u>\$ 39,888,733</u>	<u>\$ 7,945,741</u>	<u>\$ 179,509,081</u>	<u>\$ 3,102,399</u>

\* Presentation has been changed to include bond premiums.

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	7/21/2015	6/30/2024	1.00-3.00%	\$ 4,430,000
Serial Bonds	10/23/2023	9/1/2022	2.00-5.00%	3,425,000
				<u>\$ 7,855,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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>\$ 7,855,000</u>	<u>\$ 436,075</u>	<u>\$ 8,291,075</u>

Upon default of the payment of principal and interest on the serial bond holders of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to

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withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

**B) Energy performance contract**

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

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Energy Performance Contract	5/24/2016	5/24/2031	2.32%	<u>\$ 7,389,623</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	654,683	110,535	765,218
2026-2030	3,510,342	315,748	3,826,090
2031	752,079	13,139	765,218
	<u>\$ 7,389,623</u>	<u>\$ 1,027,775</u>	<u>\$ 8,417,398</u>

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

Interest paid	\$ 462,441
Plus interest accrued in the current year	82,421
Plus amortization of deferred charges from bond refunding	66,960
Less interest accrued in the prior year	(100,458)
Less amortization of bond refunding premium	(80,073)
Total long-term debt interest expense	<u>\$ 431,291</u>

**C) Refunding**

In the District-Wide Financial Statements, the District is amortizing deferred charges on 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
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>\$ 267,840</u>	<u>\$ (257,632)</u>	<u>\$ 10,208</u>

## **12. DEFERRED INFLOWS OF RESOURCES**

### State Aid – Unavailable Revenue:

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid, including BOCES and Excess Cost aid in the general fund and Smart School Bond money in the capital projects fund which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, in the general fund 20% was effectively withheld by the State, in response to revenue losses such as sales and income taxes, and additional costs arising from the COVID -19 Pandemic. Unavailable revenues, in the general and capital projects funds at June 30, 2020, total \$488,647.

## **13. PENSION PLANS**

### **A) Plan Description and Benefits Provided:**

#### **i) Teachers' Retirement System**

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State ("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](http://www.nystrs.org).



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ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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 contribution rates

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for ERS' fiscal year ended March 31, 2020 of covered payroll was 19.40% for Tier 2, 15.80% for Tier 3 & 4, 13.20% for Tier 5 and 9.30% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2020 and 2019 of covered payroll was 8.86% and 10.62%, respectively.

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 based on covered payroll for the District's year end was \$980,668 for ERS and \$3,095,067 for TRS.

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	\$ (5,221,555)	\$ 5,251,612
District's portion of the Plan's total net pension asset/(liability)	0.0197184%	0.202140%
Change in proportion since the prior measurement date	0.0000022%	(0.0000819)%

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$1,939,654 for ERS and pension expense of \$6,621,235 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is:

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	<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	\$ 307,310	\$ 3,558,883	\$ -	\$ 390,520
Net difference between projected and actual earnings on pension plan investments	2,676,823			4,211,522
Change of assumptions	105,137	9,920,997	90,784	2,419,020
Changes in proportion and differences between the District's contributions and proportionate share of contributions	444,464	747,595	122,121	7,624
District's contributions subsequent to the measurement date	<u>272,414</u>	<u>3,095,067</u>	<u>212,905</u>	<u>7,028,686</u>
	<u>\$ 3,806,148</u>	<u>\$ 17,322,542</u>	<u>\$ 212,905</u>	<u>\$ 7,028,686</u>

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

	<u>ERS</u>	<u>TRS</u>
Fiscal Year ended:		
2020	\$ -	\$ 2,502,617
2021	613,971	277,471
2022	834,558	2,494,006
2023	1,047,860	1,700,129
2024	824,440	302,553
2025		(77,987)
	<u>\$ 3,320,829</u>	<u>\$ 7,198,789</u>

### Actuarial Assumptions

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.20%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.3%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.20%

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

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

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 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 historical investment data and plan performance.

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

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2020</u>		<u>June 30, 2019</u>	
<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%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bonds and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income securities			16%	1.3%
Global bonds			2%	0.9%
High-yield bonds			1%	3.6%
Private debt			1%	6.5%
Real estate debt			7%	2.9%
Short-term			1%	0.3%
	<u>100%</u>		<u>100%</u>	

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

#### Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% 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 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8% for ERS and 6.1% for TRS) or 1-percentage-point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

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ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension asset/(liability)	\$ (9,583,028)	\$ (5,221,555)	\$ (1,204,620)

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset/(liability)	\$ (23,705,226)	\$ 5,251,612	\$ 29,543,131

**Pension Plan Fiduciary Net Position**

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

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

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$272,414.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$3,254,014.

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

**14. 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 2020, the District contributed an \$3,443,814 to the Plan, including \$3,443,814 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>

**D) Total OPEB liability:**

The District's total OPEB liability of \$155,045,058 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

**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:

**WANTAGH UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Inflation	2.60%
Discount rate	2.21%
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 individuals, 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:**

	<b>Total OPEB Liability</b>
Balance at June 30, 2019	<u>\$ 124,515,712</u>
Changes for the fiscal year:	
Service cost	4,480,232
Interest	4,455,110
Differences between expected and actual experience	-
Changes of assumptions or other inputs	25,037,818
Benefit payments	<u>(3,443,814)</u>
Net changes	<u>30,529,346</u>
Balance at June 30, 2020	<u><u>\$ 155,045,058</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include the change in discount rate from 3.50% to 2.21%.

**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 (1.21%) or 1- percentage point higher (3.21%) than the current discount rate:



**WANTAGH UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 184,768,980</u>	<u>\$ 155,045,058</u>	<u>\$ 131,570,766</u>

**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	<u>\$ 130,100,212</u>	<u>\$ 155,045,058</u>	<u>\$ 188,333,978</u>

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$10,031,935. At June 30, 2020, 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	\$ 3,569,915	\$ (122,003)
Changes of assumptions or other inputs	<u>21,300,830</u>	<u>(17,448,536)</u>
	<u>\$ 24,870,745</u>	<u>\$ (17,570,539)</u>

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

**WANTAGH UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Fiscal Year ended June 30:	
2021	\$ 1,096,593
2022	1,096,593
2023	1,096,593
2024	1,096,593
2025	1,096,593
Thereafter	1,817,241
	<u>\$ 7,300,206</u>

## 15. 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, 2020, totaled \$589,169 and \$2,375,842 respectively.

### B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$165,237.

## 16. 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.

### 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:

**WANTAGH UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	2020	2019
Unpaid claims at beginning of year	\$ 247,720	\$ 408,509
Incurred claims and claim adjustment expenses	338,666	25,854
Unpaid claims at year end	(223,885)	(186,643)
	\$ 362,501	\$ 247,720

**17. FUND BALANCES**

The following is a summary of the change in general fund restricted fund balance during the year ended June 30, 2020:

Reserve	June 30,2019	Additions	Expended	June 30,2020
Workers' compensation	\$ 456,500	\$ 193,500	\$ 200,000	\$ 450,000
Unemployment insurance	230,750	14,250		245,000
Employee benefit accrued liability	782,650	568,179	450,829	900,000
Retirement contribution	2,091,000	38,289		2,129,289
Total	\$ 3,560,900	\$ 814,218	\$ 650,829	\$ 3,724,289

**18. COMMITMENTS AND CONTINGENCIES****A) Encumbrances:**

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

General fund	
General support	\$ 287,238
Instructional	230,511
Pupil transportation	169,063
Total general fund	\$ 686,812
Special aid fund	
Instructional	\$ 3,344
Capital projects fund	
Capital projects	\$ 149,446

**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.

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

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**C) Litigation:**

As of June 30, 2020, 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 \$67,379. There are no remaining future minimum operating lease payments.

**19. 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 \$389,393 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$78,205 related to these programs.

**20. SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that 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 August 19, 2020, the District issued tax anticipation notes in the amount of \$6,500,000 which are due to mature June 25, 2021 with an effective interest rate yield of 1.25%.
- On August 13, 2020, the Division of the Budget (DOB) issued their "FY 2021 First Quarterly State Budget Financial Plan Update" which notes that the DOB approved payment of 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for these aids in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time this deferred aid is received.

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, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance With Budgetary Actual	
<b>REVENUES</b>					
Local sources					
Real property taxes	\$ 59,455,414	\$ 53,323,183	\$ 53,321,782	\$ (1,401)	
STAR and other real property tax items	948,108	7,080,339	7,079,508	(831)	
Charges for services	470,924	470,924	86,104	(384,820)	
Use of money and property	262,791	262,791	304,485	41,694	
Forfeitures			200	200	
Sale of property and compensation for loss	20,100	20,100	114,946	94,846	
Miscellaneous	65,150	80,278	360,408	280,130	
State aid	17,383,983	17,408,983	17,222,696	(186,287)	
Federal aid	10,000	10,000	32,595	22,595	
<b>TOTAL REVENUES</b>	<b>78,616,470</b>	<b>78,656,598</b>	<b>78,522,724</b>	<b>\$ (133,874)</b>	
Appropriated fund balance	1,125,000	1,330,000			
Appropriated reserves	131,830	775,394			
<b>TOTAL REVENUES, APPROPRIATED FUND BALANCE AND RESERVES</b>	<b>\$ 79,873,300</b>	<b>\$ 80,761,992</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Year-End Encumbrances</b>	<b>Final Budget Variance With Actual And Encumbrances</b>
<b>EXPENDITURES</b>					
General support					
Board of education	\$ 118,458	\$ 119,731	\$ 101,084	\$ 16,885	\$ 1,762
Central administration	383,950	393,199	392,558		641
Finance	973,550	943,863	907,332	25,250	11,281
Staff	327,754	349,877	338,774	5,119	5,984
Central services	6,033,890	6,104,404	5,827,086	239,984	37,334
Special items	913,540	948,327	946,031		2,296
Total general support	8,751,142	8,859,401	8,512,865	287,238	59,298
Instructional					
Instruction, administration, and improvement	3,876,048	4,174,697	4,143,801	3,225	27,671
Teaching - regular school	24,221,561	24,325,788	23,918,948	36,569	370,271
Programs for children with special needs	8,950,843	9,480,998	9,374,111	103,803	3,084
Occupational education	537,468	490,893	439,167		51,726
Teaching - special school	119,273	295,582	247,719	28,765	19,098
Instructional media	2,953,039	2,827,879	2,554,733	9,174	263,972
Pupil services	4,435,427	4,729,251	4,497,589	48,975	182,687
Total instructional	45,093,659	46,325,088	45,176,068	230,511	918,509
Pupil transportation	3,559,246	3,395,114	2,814,176	169,063	411,875
Employee benefits	18,421,917	17,889,129	17,693,367	-	195,762
Debt service					
Debt service principal	2,683,228	2,683,228	2,683,227		1
Debt service interest	539,108	556,441	556,441		-
Total debt service	3,222,336	3,239,669	3,239,668	-	1
<b>TOTAL EXPENDITURES</b>	<b>79,048,300</b>	<b>79,708,401</b>	<b>77,436,144</b>	<b>686,812</b>	<b>1,585,445</b>
Other financing uses					
Transfers to other funds	825,000	1,053,591	1,045,541		8,050
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 79,873,300</b>	<b>\$ 80,761,992</b>	<b>78,481,685</b>	<b>\$ 686,812</b>	<b>\$ 1,593,495</b>
<b>NET CHANGE IN FUND BALANCE</b>			41,039		
<b>FUND BALANCE - BEGINNING OF YEAR</b>			6,198,663		
<b>FUND BALANCE - END OF YEAR</b>			\$ 6,239,702		

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 THREE FISCAL YEARS ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 4,480,232	5,928,445	5,895,967
Interest	4,455,110	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	25,037,818	(24,032,890)	
Benefit payments	(3,443,814)	(3,279,675)	(2,958,793)
<b>Net change in total OPEB liability</b>	30,529,346	(12,235,509)	6,781,720
<b>Total OPEB liability - beginning</b>	<u>124,515,712</u>	<u>136,751,221</u>	<u>129,969,501</u>
<b>Total OPEB liability - ending</b>	<u>\$ 155,045,058</u>	<u>\$ 124,515,712</u>	<u>\$ 136,751,221</u>
<b>Covered - employee payroll</b>	\$ 37,921,843	\$ 37,921,843	\$ 42,403,978
<b>Total OPEB Liability as a percentage of covered employee payroll</b>	408.85%	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:

2020	2.21%
2019	3.50%
2018	3.00%

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										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 980,668	\$ 994,236	\$ 1,031,576	\$ 1,007,553	\$ 1,297,426	\$ 1,118,958	\$ 1,132,435	\$ 968,140	\$ 889,735	\$ 689,054
Contributions in relation to the contractually required contribution	980,668	994,236	1,031,576	1,007,553	1,297,426	1,118,958	1,132,435	968,140	889,735	689,054
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
District's covered payroll	\$ 7,093,462	\$ 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
Contributions as a percentage of covered payroll	13.82%	14.03%	14.59%	14.38%	19.62%	18.75%	19.71%	17.01%	15.14%	11.67%
TRS Pension Plan										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 3,095,067	\$ 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
Contributions in relation to the contractually required contribution	3,095,067	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
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
District's covered payroll	\$ 34,933,036	\$ 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
Contributions as a percentage of covered payroll	8.86%	10.54%	9.80%	11.62%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%

**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, \***

<b>ERS Pension Plan</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
District's proportion of the net pension asset/(liability)	0.0197184%	0.0194964%	0.0211987%	0.0242177%	0.024139%
District's proportionate share of the net pension asset/(liability)	\$ (5,221,555)	\$ (1,381,378)	\$ (684,177)	\$ (2,275,550)	\$ (3,874,309)
District's covered payroll	\$ 7,134,027	\$ 7,076,976	\$ 6,797,871	\$ 7,036,845	\$ 7,078,444
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	73.19%	19.52%	10.06%	32.34%	54.73%
Plan fiduciary net position as a percentage of total pension asset/(liability)	86.39%	96.27%	98.24%	94.70%	90.70%

<b>TRS Pension Plan</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
District's proportion of the net pension asset/(liability)	0.202140%	0.210327%	0.213371%	0.214846%	0.215159%
District's proportionate share of the net pension asset/(liability)	\$ 5,251,612	\$ 3,803,273	\$ 1,621,830	\$ (2,301,094)	\$ 22,348,134
District's covered payroll	\$ 33,988,812	\$ 34,259,964	\$ 34,103,227	\$ 33,152,956	\$ 32,304,615
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.45%	11.10%	4.76%	-6.94%	69.18%
Plan fiduciary net position as a percentage of total pension asset/(liability)	102.17%	101.53%	100.66%	99.01%	110.46%

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



**SUPPLEMENTARY INFORMATION**

**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, 2020**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted budget		\$ 79,806,470
Add: Prior year's encumbrances- as adjusted		<u>59,565</u>
Original budget		79,866,035
Add: Budget revisions		
Community donations	\$ 15,128	
State aid	25,000	
Cyber-attack	205,000	
Appropriation of workers' compensation reserve	200,000	
Appropriation of employee benefit accrued liability reserve	<u>450,829</u>	<u>895,957</u>
Final budget		<u><u>\$ 80,761,992</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2020-21 voter approved expenditure budget		<u>\$ 81,227,910</u>
Maximum allowed (4% of 2020-21 budget)		<u>\$ 3,249,116</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	\$ 686,812	
Unassigned fund balance	<u>1,828,601</u>	
Total unrestricted fund balance		<u>2,515,413</u>
Less:		
Encumbrances	<u>\$ 686,812</u>	
Total adjustments		<u>686,812</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 1,828,601</u></u>
Actual percentage		2.25%

**WANTAGH UNION FREE SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Project Title	Expenditures						Methods of Financing				Fund		
	Original	Revised	Prior	Current	Unexpended	Proceeds of	Federal and	Local	Total	Balance			
	Authorization	Authorization	Years	Year	Total	Balance	Obligations	State Aid	Sources	June 30, 2020			
Smart Schools Security and Technology	9004	\$ 9,645	\$ 1,350,706	\$ 910,192	\$ 378,331	\$ 1,288,523	\$ 62,183	\$ -	\$ 1,350,706	\$ -	\$ 1,350,706	\$ 62,183	R
MS Locker Replacements	6024		500,000	122,427	195,702	318,129	181,871			500,000	500,000	181,871	
Available Appropriations 2019-20	9999	700,000	252,087			-	252,087			252,087	252,087	252,087	
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		239,329	239,329	R
MS/HS Science Labs	1033	400,000	400,000	388,321		388,321	11,679			397,417	397,310	8,989	
MS/HS Renovations	1033	642,573	754,922	754,922		754,922	-			754,922	754,922	-	
Mandalay Renovations	4013	625,512	642,913	642,912		642,912	1			642,913	642,913	1	
Forest Lake Renovations	5016	479,703	590,080	590,080		590,080	-			590,080	590,080	-	
MIS Boiler Replacement	6025		800,000	93,254	545,910	639,164	160,836			800,000	800,000	160,836	
Available Capital Reserve	9999	536,213				-	-					-	
Available Capital Reserve #2 - Phase 1	9999	800,000				-	-					-	
Available Bond Proceeds	9999	68,466	68,466			-	68,466	68,466			68,466	68,466	R
High School EPC	1031	1,760,036	1,760,036	1,760,036		1,760,036	-	1,760,036			1,760,036	-	
Middle School EPC	6021	2,003,015	2,003,015	2,003,015		2,003,015	-	2,003,015			2,003,015	-	
Wantagh Elementary EPC	8020	3,136,895	3,136,895	3,136,895		3,136,895	-	3,136,895			3,136,895	-	
Forest Lake EPC	5015	1,199,012	1,199,012	1,199,012		1,199,012	-	1,199,012			1,199,012	-	
Mandalay EPC	4012	1,167,837	1,167,837	1,167,837		1,167,837	-	1,167,837			1,167,837	-	
Forest Lake Renovations	5017		150,591	137,486		137,486	13,105			150,591	150,591	13,105	
Middle School Renovations	6023		848,086	795,083	48,750	843,833	4,253			848,086	848,086	4,253	
Mandalay Renovations	4014		32,207	32,207		32,207	-			32,207	32,207	-	
High School Renovations	1034		674,392	247,294	371,314	618,608	55,784			674,392	674,392	55,784	
High School Renovations	1035		538,328	117,225	385,150	502,375	35,953			538,328	538,328	35,953	
High School Renovations	1036		797,526	11,530	780,550	792,080	5,446			797,526	797,526	5,446	
Available Appropriations 2016-17	9999	500,000	20,094			-	20,094			20,094	20,094	20,094	
Available Appropriations 2015-16	9999		2,797			-	2,797			2,797	2,797	2,797	
HS Track	1037		447,913	8,000	416,985	424,985	22,928			447,913	447,913	22,928	
Available Capital Reserve-Phase 2	9999		4,955			-	4,955			4,955	4,955	4,955	
<b>Totals</b>		<b>\$ 16,709,297</b>	<b>\$ 18,982,187</b>	<b>\$ 14,117,728</b>	<b>\$ 3,122,692</b>	<b>\$ 17,240,420</b>	<b>\$ 1,741,767</b>	<b>\$ 9,335,261</b>	<b>\$ 1,590,035</b>	<b>\$ 8,054,308</b>	<b>\$ 18,979,497</b>	<b>1,739,077</b>	
												<b>(258,096)</b>	**
												<b>\$ 1,480,981</b>	

\*\* Smart Bond proceeds to be received subsequent to June 30, 2020

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

<b>Capital assets, net</b>		<b>\$ 50,882,603</b>
<b>Add:</b>		
Unamortized deferred charges from refunding	\$ 267,840	267,840
<b>Deduct:</b>		
Energy performance contract	7,389,623	
Serial bonds payable (inclusive of unamortized premiums)	8,112,632	
Less: unspent bond proceeds	(68,466)	15,433,789
<b>Net investment in capital assets</b>		<b>\$ 35,716,654</b>

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

To the Board of Education  
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, 2020, 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 September 29, 2020.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
September 29, 2020