

**SEAFORD UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

SEAFORD UNION FREE SCHOOL DISTRICT

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R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Seaford Union Free School District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of Seaford Union Free School District, as of and for the fiscal year ended June 30, 2015, 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 Seaford Union Free School District, as of June 30, 2015, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Change in Accounting Principle

As described in Note 12 to the financial statements, in 2015, Seaford Union Free School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

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 funding progress, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 58 through 62, 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 Boards, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

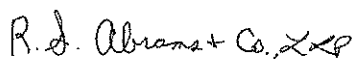
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seaford 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 financial statements.

The 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 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 30, 2015 on our consideration of Seaford Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Seaford Union Free School District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, NY
September 30, 2015

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The following is a discussion and analysis of the Seaford Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2015. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The District closed the fiscal year ending June 30, 2015 with an unassigned fund balance in its general fund of \$2,545,514.
- On the District-Wide Financial Statements, revenues increased by 3.05% as a result of increased property taxes and other tax items and state sources.
- On the District-Wide Financial Statements, expenditures decreased approximately 5.90% as a result of a decrease in expense for instruction and general support.
- The District adopted a budget in the amount of \$63,637,843 for the fiscal ending June 30, 2016.
- The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. This resulted in the District recording a net pension liability of \$750,620 for the fiscal year ending June 30, 2015, for the Employees' Retirement System, and a net pension asset of \$19,071,205 for the Teachers' Retirement System. The net pension liability/(asset) is the total cost of future pension benefit payments that have already been earned, minus the value of assets available to make the benefits (the net position of the plan). The District also recorded deferred outflows and inflows related to pensions, which will be recognized in future periods. Please refer to Note 12 for further information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

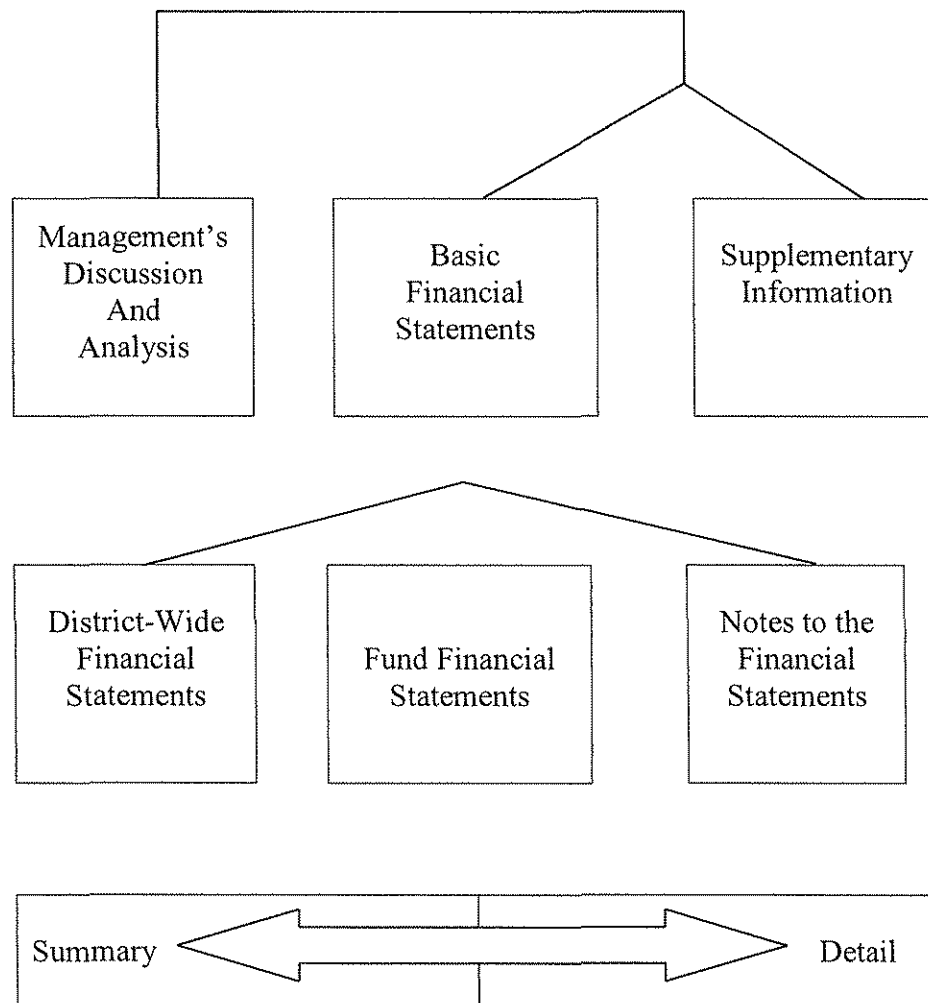
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- 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 Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of District.

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

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



**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, deferred inflows of resources, liabilities, and deferred outflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net assets is 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 if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

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

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

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B) Fund Financial Statements:

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

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information at the bottom of the Governmental Fund Financial Statements explains the relationship (or differences) between them. In summary, the government fund 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 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. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's total net position increased by \$3,128,775 in the fiscal year ended June 30, 2015, as detailed in Table A-3.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Table A-3: Condensed Statement of Net Position

	Fiscal Year 2015	Fiscal Year 2014*	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$13,704,929	\$11,880,809	\$1,824,120	15.35%
Capital assets, net	26,462,302	27,954,186	(1,491,884)	-5.34%
Net pension asset, proportionate share	19,071,205	1,148,656	17,922,549	1560.31%
Total Assets	<u>59,238,436</u>	<u>40,983,651</u>	<u>18,254,785</u>	<u>44.54%</u>
Deferred outflows of resources	5,079,115	4,379,702	699,413	15.97%
Total assets and deferred outflows of resources	<u>\$64,317,551</u>	<u>\$45,363,353</u>	<u>\$18,954,198</u>	41.78%
Other liabilities	\$6,784,731	\$10,317,512	(\$3,532,781)	-34.24%
Long-term liabilities	54,900,384	48,376,012	6,524,372	13.49%
Net pension liability, proportionate share	750,620	1,004,056	(253,436)	-25.24%
Total Liabilities	<u>\$62,435,735</u>	<u>59,697,580</u>	<u>\$2,738,155</u>	<u>4.59%</u>
Deferred inflows of resources	13,087,268	-	13,087,268	N/A
Total liabilities and deferred inflows of resources	<u>75,523,003</u>	<u>59,697,580</u>	<u>15,825,423</u>	26.51%
Net Position				
Net investment in capital assets	6,614,985	6,564,341	50,644	0.77%
Restricted	3,128,545	2,080,532	1,048,013	50.37%
Unrestricted (deficit)	<u>(20,948,982)</u>	<u>(22,979,100)</u>	<u>2,030,118</u>	<u>-8.83%</u>
Total Net Position (deficit)	<u>(11,205,452)</u>	<u>(14,334,227)</u>	<u>3,128,775</u>	<u>-21.83%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$64,317,551</u>	<u>\$45,363,353</u>	<u>\$18,954,198</u>	41.78%

* As restated for implementation of GASB Statement No. 68 and No. 71. See Note 12.

The District has adopted and implemented GASB Statement No. 68, *Accounting and Financial reporting for Pensions – An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The adoption of GASB Statement No. 68 has caused the restatement of amounts previously reported in 2014. The restatement is discussed further in Note 12.

Current assets and other assets increased by \$1,824,120 or 15.35% primarily due to an increase in cash as well as an increase in amounts due from other governments offset by a decrease in state and federal aid receivable. Capital assets (net of depreciation) decreased \$1,491,884 primarily attributable to depreciation expense offset by capital additions. The implementation of GASB Statement No. 68 and No. 71 resulted in an increase in a net pension asset of \$17,922,549. Other liabilities decreased by \$3,532,781 or 34.24% primarily due to decrease in accounts payable offset by an increase in accrued liabilities. Long term liabilities increased by \$6,524,372 or 13.49% primarily due to the increase in bonds payable and an increase in the net other post-employment benefits obligation. Net pension liability, proportionate share decreased by \$253,436 due to changes in the net pension liability for ERS. The changes in deferred inflows and outflows represent amortization of pension related items as discussed in Note 12.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The net investment in capital assets, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt (net of any unspent proceeds).

The restricted net position in the amount of \$3,128,545 consists of the District's reserves: employee benefit accrued liability, retirement contribution, workers' compensation, and repair as well as the net position of the debt service fund. This amount increased \$1,048,013 or 50.37% from the prior year.

The unrestricted deficit in the amount of \$20,948,982 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position. Additionally, in accordance with state guidelines, the District is only permitted to fund other postemployment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the net OPEB obligation. This deficit decreased by \$2,030,118.

Overall, net position increased by \$3,128,775.

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, 2015 and 2014 is as follows:

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$1,998,422	\$2,058,182	(\$59,760)	-2.90%
Operating grants	997,305	990,426	6,879	0.69%
General Revenues				
Property taxes & other tax items	48,311,055	47,552,372	758,683	1.60%
State sources	10,829,332	10,374,325	455,007	4.39%
Use of money & property	62,450	69,435	(6,985)	-10.06%
Other	901,743	189,629	712,114	375.53%
Total Revenues	\$63,100,307	\$61,234,369	\$1,865,938	3.05%
Expenses				
General support	\$6,422,745	\$6,653,894	(\$231,149)	-3.47%
Instruction	49,737,042	53,028,046	(3,291,004)	-6.21%
Pupil transportation	2,605,858	2,748,972	(143,114)	-5.21%
Community service	23,985	25,427	(1,442)	-5.67%
Debt service - interest	679,880	725,084	(45,204)	-6.23%
Food service program	502,022	552,663	(50,641)	-9.16%
Total Expenses	\$59,971,532	\$63,734,086	(3,762,554)	-5.90%
Increase (Decrease) in Net Position	\$3,128,775	(\$2,499,717)	\$5,628,492	-225.17%

2014 information was not restated because all the information necessary was not readily available. The cumulative effect of applying the change of accounting principle is shown as an adjustment to the beginning net position. See Note 12 for more information.

The District's fiscal year 2015 revenues totaled \$63,100,307. (See Table A-4). Property taxes and other items and state sources accounted for most of the District's revenue by contributing 76.56% and 17.16%, respectively of total revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources. The increase in other revenues is the revenue for the access road on Harbor Elementary School.

The total cost of all programs and services totaled \$59,971,532 for fiscal year 2015. These expenses are primarily related to instruction (including pupil services) and general support, which account for 93.64% of District expenses. (See Table A-6). The decrease in expenses in the current year is the result of implementing GASB Statement No. 68 and No. 71, for recording the pension related information in the current year.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Table A-5: Revenues for Fiscal Year 2015 (See Table A-4)

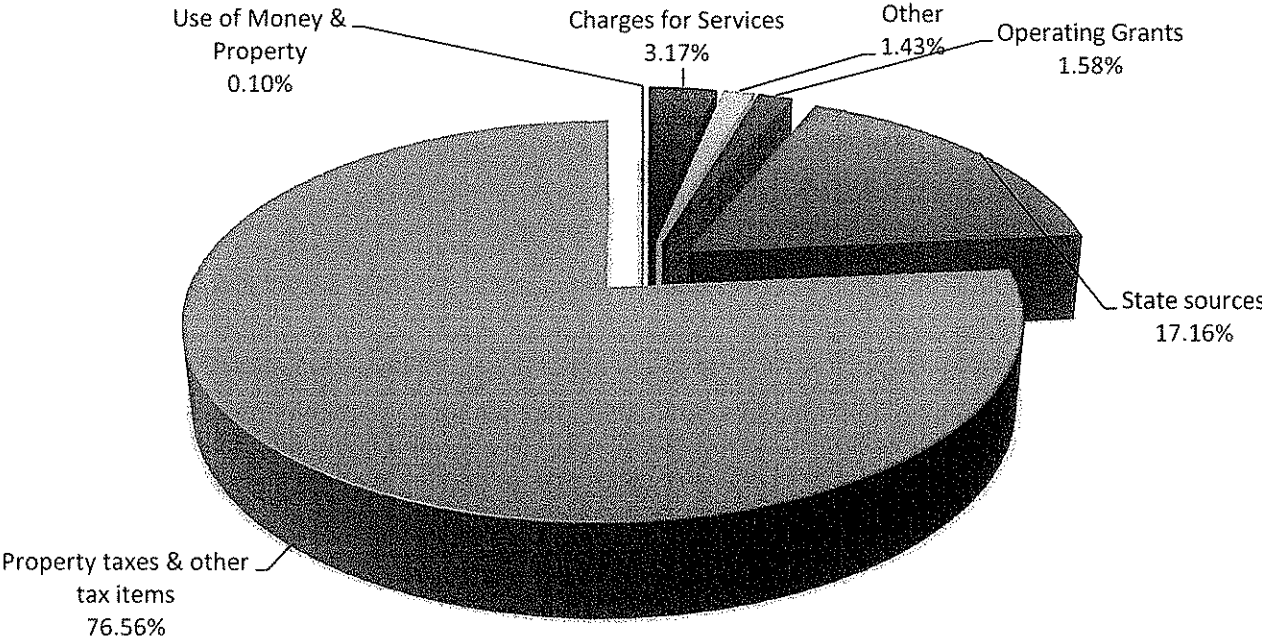
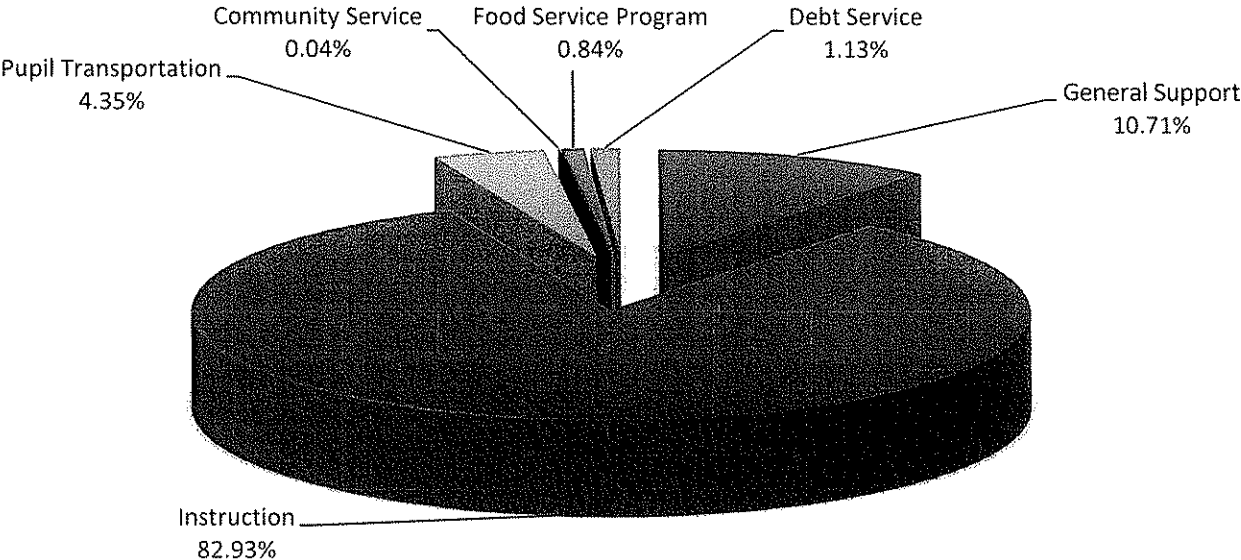


Table A-6: Expenses for Fiscal Year 2015 (See Tables A-4 and A-7)



**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

C) Governmental Activities:

Revenues for the District's combined governmental activities totaled \$63,100,307 while combined total expenses equaled \$59,971,532, resulting in an increase in net position of \$3,128,775 for 2015. The overall good financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Improved curriculum and community support
- Cost effective purchasing procedures;
- Comprehensive financial planning and diligent oversight of the operating budget;
- Participation in various consortiums;
- Strategic use of services from Nassau BOCES

Table A-7 presents the cost of the major District activities: general support, instruction, pupil transportation, debt service and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2015	2014	2015	2014
General support	\$6,422,745	\$6,653,894	\$6,422,745	\$6,653,894
Instruction	49,737,042	53,028,046	47,415,118	50,700,525
Pupil transportation	2,605,858	2,748,972	2,526,124	2,668,045
Community service	23,985	25,427	23,985	25,427
Debt service - interest	679,880	725,084	679,880	725,084
Food service program	502,022	552,663	(92,047)	(87,497)
Total	<u>\$59,971,532</u>	<u>\$63,734,086</u>	<u>\$56,975,805</u>	<u>\$60,685,478</u>

- The cost of all governmental activities this year was \$59,971,532. (Statement of Activities, Expenses column-see Exhibit 3).
- The users of the District's programs financed \$1,998,422 of the cost. (Statement of Activities, Charges for Services column-see Exhibit 3).
- The federal and state governments subsidized certain programs with grants of \$997,305 (Statement of Activities, Operating Grants column – see Exhibit 3).

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- Most of the District's net costs of \$56,975,805 were financed by District taxpayers and state and federal aid. (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2015, the District's combined governmental funds reported a total fund balance of \$7,284,206 which is an increase of \$5,339,191 over the prior year. This increase is primarily due to an increase in fund balance in the general fund due to operations and the issuance of serial bonds in the principal amount of \$3,790,000 in the capital projects fund.

A summary of the change in fund balance for all funds is as follows:

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for employee benefit accrued liability	\$1,822,506	\$1,363,417	\$459,089	33.67%
Restricted for retirement contribution	500,825	300,000	200,825	66.94%
Restricted for workers' compensation	400,688	250,000	150,688	60.28%
Restricted for repairs	855	855	-	0.00%
Assigned - designated for subsequent year's expenditures	711,728	711,728	-	0.00%
Assigned - general support	102,890	50,607	52,283	103.31%
Assigned - instruction	16	37,217	(37,201)	-99.96%
Unassigned	2,545,514	2,505,517	39,997	1.60%
Total Fund Balance- General Fund	<u>\$6,085,022</u>	<u>\$5,219,341</u>	<u>\$865,681</u>	16.59%
School Lunch Fund				
Nonspendable - inventory	\$2,207	\$6,804	(\$4,597)	-67.56%
Assigned	182,758	156,690	26,068	16.64%
Total Fund Balance- School Lunch Fund	<u>\$184,965</u>	<u>\$163,494</u>	<u>\$21,471</u>	13.13%
Capital Projects Fund				
Restricted - Unspent proceeds	\$610,548	\$10,200	\$600,348	5885.76%
Unassigned	-	(3,614,280)	3,614,280	N/A
Total Fund Balance - Capital Projects Fund	<u>\$610,548</u>	<u>(\$3,604,080)</u>	<u>\$4,214,628</u>	116.94%
Debt Service Fund				
Restricted for debt service	\$403,671	\$166,260	\$237,411	142.80%
Total Fund Balance - Debt Service Fund	<u>\$403,671</u>	<u>\$166,260</u>	<u>\$237,411</u>	142.80%
Total Fund Balance - All Funds	<u>\$7,284,206</u>	<u>\$1,945,015</u>	<u>\$5,339,191</u>	274.51%

The District can attribute changes to fund balance in the general fund primarily due to operating results in which revenues exceeded expenditures.

The change in restricted fund balance for the employee benefit accrued liability, retirement contribution and workers' compensation reserve is due to transfers from unassigned fund balance offset by utilizing the reserves.

The increase in the school lunch fund balance is due to an operating surplus.

The increase in the capital projects fund is due to the issuance of serial bond proceeds in the amount of \$3,790,000.

The increase in the debt service fund is due to an interfund transfer from the capital projects fund for unneeded authorizations.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2014-2015 Budget:

The District's general fund budget for the year ended June 30, 2015 was \$62,637,930. This amount was increased by encumbrances carried forward from the prior year in the amount of \$87,824 and budget revisions of \$66,788 which resulted in a final budget of \$62,792,542. The majority of the funding was property taxes and STAR revenue of \$48,306,743.

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

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

Opening Unassigned Fund Balance	\$2,505,517
Revenues over Budget	33,804
Expenditures and Encumbrances Under Budget	1,833,180
Changes in Restricted Fund Balance	(1,115,259)
Appropriated for June 30, 2016 Budget	(711,728)
Closing, Unassigned Fund Balance	<u><u>\$2,545,514</u></u>

The opening unassigned fund balance of \$2,505,517 is the June 30, 2014 unassigned fund balance.

The revenues over budget of \$33,804 were primarily in local sources. (see Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of \$1,833,180 were primarily in pupil transportation, central services and employee benefits. (see Supplemental Schedule #1 for detail).

The change in the restricted fund balance of \$1,115,259 is the result of funding the employee benefit accrued liability reserve in the amount of \$679,996 funding the retirement contribution reserve in the amount of \$280,000 and funding the workers' compensation reserve in the amount of \$150,000. In addition, interest earnings of \$5,263 were allocated to the reserves.

The appropriated fund balance for June 30, 2016 budget of \$711,728 represents the amount the District has assigned to partially fund its 2015-2016 budget.

The closing unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes. This amount is limited to 4% of the 2015-2016 budget.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

The District paid for equipment and various building additions and renovations during the fiscal year 2015. A summary of the District's capital assets net of depreciation is as follows:

Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	% Change
Land	\$ 1,517,000	\$ 1,517,000	\$ -	0.00%
Construction in progress	54,181	691,843	(637,662)	(92.17%)
Buildings & building improvements	43,332,766	42,640,923	691,843	1.62%
Land improvements	2,853,629	2,853,629	-	0.00%
Furniture & equipment	3,550,739	3,435,767	114,972	3.35%
Vehicles	147,901	147,901	-	0.00%
Subtotal	51,456,216	51,287,063	169,153	0.33%
Less: Accumulated depreciated	24,993,914	23,332,877	1,661,037	7.12%
Total Net Capital Assets	<u>\$ 26,462,302</u>	<u>\$ 27,954,186</u>	<u>\$ (1,491,884)</u>	(5.34%)

The District spent \$54,181 in the capital projects fund and \$114,972 in the general fund on building improvements, vehicles and equipment purchases during the year.

B) Long-Term Debt:

At June 30, 2015, the District had total bonds payable of \$18,245,000 and energy performance debt payable of \$2,212,865. The increase in serial bonds is due to the District issuing \$3,790,000 in bonds offset by principal payments. The decrease in energy performance debt represents principal payments. A summary of outstanding debt at June 30, 2015 and 2014 is as follows:

	2015	2014	Increase (Decrease)
Serial bonds payable	\$18,245,000	\$15,115,000	\$3,130,000
Energy performance debt payable	2,212,865	2,415,045	(202,180)
Total	<u>\$20,457,865</u>	<u>\$17,530,045</u>	<u>\$2,927,820</u>

Refer to Note 11 for further detail on long-term debt disclosures.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The 2015-2016 budget is negatively impacted by certain trends impacting school districts. These include the 2% property tax levy limit, unfunded state mandates and increases in health insurance costs.
- B) The general fund budget for the 2015-2016 school year in the amount of \$63,637,843 was approved by the voters. This is an increase of \$999,913 or 1.60% over the previous year's budget. The increase was primarily due to increases in personnel costs and employee benefits.
- C) On July 9, 2015, the District issued tax anticipation notes in the amount of \$5,900,000 maturing on June 21, 2016, with a net interest rate of 0.64%.
- D) The sale of the Seaford Avenue Building and property to BK at Seaford, LLC (a subsidiary of the Engel-Burman Group) took place on September 17, 2015. The gross sale of the property was \$5,144,000, which was reduced by real estate agent commissions, attorney's fees and other adjustments based of the final number of units to be built. The proceeds from the sale will be placed into a Reserve for Tax Reduction to be appropriated annually over ten or fewer years to offset the District's tax levy.
- E) On September 3, 2015 the Board of Education passed a resolution to accept the grant of easement from Nassau County for purposes of constructing and utilizing an access road on the property adjacent to the Harbor Elementary School, which is owned by the County. The County has agreed to grant an easement for the Access Road to allow the District to construct the road on the property to serve as additional ingress and egress to the Harbor Elementary School. For purposes of financing the construction of the Access Road, the County has agreed to contribute \$650,000.
- F) New York State recently enacted a law to effectively "freeze" property taxes for two years on the primary residences of homeowners with annual incomes at or below \$500,000 in school districts and local governments that stay within the tax cap. Qualifying homeowners will receive a credit, which will be distributed in the form of a check from New York State, up to the calculated amount of the tax cap. The program also requires the school districts and local governments in the second year to develop or participate in the development of a state approved government efficiency plan that will achieve savings for taxpayers. The law was effective for school districts starting with the 2014-2015 school year. This program will provide an incentive for the District to be tax cap compliant.
- G) The Patient Protection and Affordable Care Act or more commonly referred to as the Affordable Care Act was enacted into law on March 23, 2010. Beginning in 2015, the mandate requires large employers (generally those with fifty (50) or more full-time equivalent employees) to either offer affordable health coverage to full-time employees and their dependents, or pay a penalty if the employer fails to offer affordable health coverage, and at least one full-time employee receives a premium tax credit to help purchase coverage

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

through an Affordable Insurance Exchange. It is anticipated that implementation of this law will increase the health insurance costs for the District.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Seaford Union Free School District
Ms. Elisa Pellati, CPA
Assistant Superintendent for Business
1600 Washington Avenue
Seaford, New York 11783
(516) 592-4004

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Current assets	
Cash	
Unrestricted	\$6,785,223
Restricted	3,034,658
Receivables	
State and federal aid	899,228
Due from other governments	1,657,454
Due from fiduciary funds	24,235
Taxes receivable	1,234,390
Accounts receivable	67,534
Inventories	2,207
Non-current assets	
Capital assets	
Not being depreciated	1,571,181
Being depreciated, net of accumulated depreciation	24,891,121
Net pension asset - proportionate share	19,071,205
DEFERRED OUTFLOW OF RESOURCES	
Pensions	<u>5,079,115</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$64,317,551</u></u>
LIABILITIES	
Payables	
Accounts payable	\$487,709
Accrued liabilities	841,678
Accrued interest payable	364,008
Due to other governments	13,377
Compensated absences payable	143,872
Due to teachers' retirement system	4,626,074
Due to employees' retirement system	279,031
Due to fiduciary funds	340
Unearned credits	
Collections in advance	28,643
Long-term liabilities	
Due and payable within one year	
Bonds payable	760,000
Energy performance debt payable	210,044
Compensated absences payable	187,066
Claims payable	485,175
Due and payable after one year	
Bonds payable	17,485,000
Energy performance debt payable	2,002,821
Compensated absences payable	4,896,798
Claims payable	390,262
Net other postemployment benefits obligation	28,483,218
Net pension liability - proportionate share	750,620
TOTAL LIABILITIES	<u><u>62,435,735</u></u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>13,087,268</u>
NET POSITION	
Net investment in capital assets	<u>6,614,985</u>
Restricted	
Employee benefit accrued liability	1,822,506
Retirement contribution	500,825
Workers' compensation	400,688
Repair	855
Debt service	403,671
	<u>3,128,545</u>
Unrestricted (Deficit)	<u>(20,948,982)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>(11,205,452)</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	<u><u>\$64,317,551</u></u>
AND NET POSITION (DEFICIT)	

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	(\$6,422,745)			(\$6,422,745)
Instruction	(49,737,041)	\$1,547,201	\$774,723	(47,415,117)
Pupil transportation	(2,605,858)		79,734	(2,526,124)
Community services	(23,985)			(23,985)
Debt service- Interest	(679,880)			(679,880)
Food service program	(502,022)	451,221	142,848	92,047
TOTAL FUNCTIONS AND PROGRAMS	(\$59,971,532)	\$1,998,422	\$997,305	(56,975,805)
 GENERAL REVENUES				
Real property taxes				41,066,219
Other tax items - including STAR reimbursement				7,244,836
Use of money & property				62,450
Miscellaneous				883,905
State sources				10,829,332
Medicaid reimbursement				17,838
TOTAL GENERAL REVENUES				60,104,580
 CHANGE IN NET POSITION				3,128,775
 TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 12)				(14,334,227)
 TOTAL NET POSITION - END OF YEAR				(\$11,205,452)

SEAFORD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$6,545,282	\$387	\$239,554			\$6,785,223
Restricted	2,724,874			\$143,453	\$166,331	3,034,658
Receivables						
State and federal aid	299,699	591,370	8,159			899,228
Taxes receivable	1,234,390					1,234,390
Accounts receivable	61,209		6,325			67,534
Due from other governments	1,657,454					1,657,454
Due from other funds	1,580,553	972,337	12,187	749,631	237,340	3,552,048
Inventories			2,207			2,207
TOTAL ASSETS	\$14,103,461	\$1,564,094	\$268,432	\$893,084	\$403,671	\$17,232,742
LIABILITIES AND FUND BALANCES						
Payables						
Accounts payable	\$377,422	\$26,866	\$38,225	\$45,196		\$487,709
Accrued liabilities	840,192	1,486				841,678
Due to other governments	11,287		2,090			13,377
Due to other funds	1,734,495	1,535,742	20,576	237,340		3,528,153
Due to teachers' retirement system	4,626,074					4,626,074
Due to employees' retirement system	279,031					279,031
Compensated absences	143,872					143,872
Deferred credits						
Collections in advance	6,067		22,576			28,643
TOTAL LIABILITIES	8,018,439	1,564,094	83,467	282,536	-	9,948,536
FUND BALANCES						
Nonspendable: Inventory						
Restricted			2,207			\$2,207
Restricted						
Employee benefit accrued liability	1,822,506					1,822,506
Retirement contribution	500,825					500,825
Workers' compensation	400,688					400,688
Repair	855					855
Debt service					\$403,671	403,671
Unspent energy performance proceeds				\$10,200		10,200
Unspent serial bond proceeds				600,348		600,348
Assigned						
Appropriated fund balance	711,728					711,728
Unappropriated fund balance	102,906		182,758			285,664
Unassigned: Fund balance	2,545,514					2,545,514
TOTAL FUND BALANCES	6,085,022	-	184,965	610,548	403,671	7,284,206
TOTAL LIABILITIES AND FUND BALANCES	\$14,103,461	\$1,564,094	\$268,432	\$893,084	\$403,671	\$17,232,742

**SEAFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Governmental Fund Balances \$7,284,206

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

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

Original cost of capital assets	\$51,456,216	
Accumulated depreciation	<u>(24,993,914)</u>	26,462,302

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset- proportionate share at year-end for TRS was: 19,071,205

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to (13,087,268)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to 5,079,115

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

Accrued interest payable	(364,008)
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Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	(\$18,245,000)	
Energy performance debt payable	(2,212,865)	
Compensated absences payable	(5,083,864)	
Claims payable	(875,437)	
Net other postemployment benefits obligation	(28,483,218)	
Net pension liability - proportionate share (ERS)	<u>(750,620)</u>	
		<u>(55,651,004)</u>

Total Net Position (\$11,205,452)

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	\$41,066,219					\$41,066,219
Other tax items - including STAR reimbursement	7,244,836					7,244,836
Charges for services	1,547,201					1,547,201
Use of money and property	62,230				\$220	62,450
Miscellaneous	883,905					883,905
State sources	10,829,332	\$217,263	\$7,917			11,054,512
Federal sources	17,838	637,194	97,486			752,518
Surplus food			37,445			37,445
Sales - school lunch			451,221			451,221
TOTAL REVENUES	<u>61,651,561</u>	<u>854,457</u>	<u>594,069</u>	<u>-</u>	<u>220</u>	<u>63,100,307</u>
EXPENDITURES						
General support	5,115,760					5,115,760
Instruction	35,945,376	855,929				36,801,305
Pupil transportation	2,465,642	79,734				2,545,376
Community service	16,795					16,795
Employee benefits	14,955,907					14,955,907
Debt service- principal					862,180	862,180
Debt service - interest	34,801				662,789	697,590
Cost of sales			502,022			502,022
Capital outlay				\$54,181		54,181
TOTAL EXPENDITURES	<u>58,534,281</u>	<u>935,663</u>	<u>502,022</u>	<u>54,181</u>	<u>1,524,969</u>	<u>61,551,116</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,117,280</u>	<u>(81,206)</u>	<u>92,047</u>	<u>(54,181)</u>	<u>(1,524,749)</u>	<u>1,549,191</u>
OTHER FINANCING SOURCES AND (USES)						
Proceeds from long-term debt				3,790,000		3,790,000
Operating transfers in	70,576	81,206		716,000	1,762,160	2,629,942
Operating transfers (out)	<u>(2,322,175)</u>		<u>(70,576)</u>	<u>(237,191)</u>		<u>(2,629,942)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,251,599)</u>	<u>81,206</u>	<u>(70,576)</u>	<u>4,268,809</u>	<u>1,762,160</u>	<u>3,790,000.00</u>
NET CHANGE IN FUND BALANCES	865,681	-	21,471	4,214,628	237,411	5,339,191
FUND BALANCES - BEGINNING OF YEAR	<u>5,219,341</u>	<u>-</u>	<u>163,494</u>	<u>(3,604,080)</u>	<u>166,260</u>	<u>1,945,015</u>
FUND BALANCES - END OF YEAR	<u>\$6,085,022</u>	<u>\$ -</u>	<u>\$184,965</u>	<u>\$610,548</u>	<u>\$403,671</u>	<u>\$7,284,206</u>

SEAFORD 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, 2015

Net Change in Fund Balances		\$5,339,191
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
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 year ended June 30, 2015 changed by		49,501
Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the year ended June 30, 2015 changed by		(36,398)
Net other post-employment benefits obligation 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. Net other post-employment benefits obligation payable for the year ended June 30, 2015 changed by		(3,609,655)
Increases/decreases in the proportionate share of net pension asset/liability 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.		
Teachers' retirement system	\$5,265,785	
Employees' retirement system	522,345	5,788,130
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	\$169,579	
Depreciation expense	(1,661,463)	(1,491,884)
Long-Term Debt Differences		
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		660,000
Repayment of energy performance debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		202,180
Proceeds from serial bonds is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(3,790,000)
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2014 to June 30, 2015 changed by		17,710
Change in Net Position		\$3,128,775

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash- Restricted	\$59,324	\$154,859
Due from other Funds	150	190
TOTAL ASSETS	<u>\$59,474</u>	<u>\$155,049</u>
LIABILITIES		
Due to other funds	\$19,300	\$4,935
Extraclassroom activity balance		55,312
Other liabilities	150	94,802
TOTAL LIABILITIES	<u>\$19,450</u>	<u>\$155,049</u>
NET POSITION		
Restricted for scholarships	\$40,024	
TOTAL NET POSITION	<u>\$40,024</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$59,474</u>	

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Gifts and contributions	\$22,381
Interest and earnings	<u>33</u>
TOTAL ADDITIONS	<u>22,414</u>
DEDUCTIONS	
Scholarships and awards	<u>19,300</u>
TOTAL DEDUCTIONS	<u>19,300</u>
CHANGE IN NET POSITION	3,114
NET POSITION - BEGINNING OF YEAR	<u>36,910</u>
NET POSITION - END OF YEAR	<u><u>\$40,024</u></u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five (5) 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 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity that is 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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the

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District's business office. The District reports these assets held by its agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Fund. Separate financial statements of the Extraclassroom Activity Funds can be found at the District's business office.

B) Joint venture:

The District is a component district in the Nassau Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which 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 §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program

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

The District reports the following major governmental funds:

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

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

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

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

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

The District reports the following fiduciary funds:

Fiduciary Funds: 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. There are two classes of fiduciary funds:

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

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

D) Measurement focus and basis of accounting:

The District-Wide Financial Statements and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E) Real Property taxes:

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

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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F) Restricted resources:

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

G) Interfund transactions:

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

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

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities 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, other post-employment benefits, net pension liability/asset, workers' compensation claims, potential contingent liabilities and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

J) Receivables:

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

K) Inventories and prepaid items:

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

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

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2015.

L) Capital assets:

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

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

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NOTES TO FINANCIAL STATEMENTS
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	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & Building Improvements	\$500	Straight-line	30 years
Furniture & Equipment	\$500	Straight-line	10 years
Site Improvements	\$500	Straight-line	30 years
Vehicles	\$500	Straight-line	5 years

M) Collections in advance:

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

In the fund level statements, collections in advance consist of amounts received in advance for meals that have not yet been purchased in the school lunch fund and for amounts received in advance in the general fund.

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This amount is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS), the net difference between projected and actual investment earnings on pension plan investments (ERS), changes in proportion and differences between employer contributions and proportionate share of contributions (ERS), changes in proportion (TRS), and the District's contributions to the pension systems (TRS and ERS systems) subsequent to the measurement date.

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. This amount is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience and projected and actual earnings on pension plan investments (TRS System).

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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O) Vested employee benefits:

Compensated absences

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

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

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditures in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Q) Short-term debt:

The District may issue 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 TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

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, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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 assets:

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, construction or improvement of those assets net of any unexpended proceeds.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

ii) Fund Financial Statements:

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

- (1) **Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$2,207.
- (2) **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

Employee Benefit Accrued Liability Reserve

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

Retirement Contribution Reserve

Retirement contribution reserve (GML§6-r), must be used for financing retirement contributions. 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. This reserve is accounted for in the general fund under restricted fund balance.

**SEAFORD UNION FREE SCHOOL DISTRICT
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Workers' Compensation Reserve

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

Repair Reserve

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

Debt Service

Unexpended balances of proceeds from borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded as amounts restricted for debt service and held until appropriated for debt payments. The restricted funds are accounted for in the debt service fund.

Unspent Bond and Energy Performance Proceeds

Unspent long-term bond and energy performance 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 for in the private purpose fund.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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- (3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2015.
- (4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.
- (5) **Unassigned fund balance** –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

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

Order of Use of Fund Balance

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

T) New Accounting Standards

The District has implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015:

Statement No. 68, *Accounting and Financial reporting for Pensions – An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

U) Future Changes in Accounting Standards:

GASB has issued Statement No. 72, *Fair Value Measurement and Application* effective for the year ending June 30, 2016.

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

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.

V) Change in Accounting Principles:

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/ or liability, its portion of the collective net pension asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and /or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 12 for the financial statement impact of implementation of the Statements.

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

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

**SEAFORD UNION FREE SCHOOL DISTRICT
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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. The 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 the four broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals 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 statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the Fund Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

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

iv) Employee benefits allocations:

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

**SEAFORD UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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

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 assigned 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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

Restricted Cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2015 included \$3,034,658 within the governmental funds for general reserve purposes, debt service, and capital projects and \$214,183 in the fiduciary funds.

B) Investments:

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 – PARTICIPATION IN BOCES

During the year ended June 30, 2015, the District was billed \$4,278,945 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$996,515. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

NOTE 6 –STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2015 consisted of:

General Fund	
Excess cost aid	\$299,699
Total	<u>299,699</u>
Special Aid Fund	
Federal aid	432,786
State aid	137,970
Local aid	20,614
Total	<u>591,370</u>
School Lunch Fund	
Federal aid	7,546
State aid	613
Total	<u>8,159</u>
Total - All funds	<u><u>\$899,228</u></u>

District management has deemed the amounts to be fully collectible.

NOTE 7- DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2015 consisted of the following:

Nassau County Harbor Access Road	\$650,000
Nassau County CPSE	6,388
Tuition and health services - other Districts	534,847
Non-public school districts - special education	12,733
BOCES	453,486
Total	<u><u>\$1,657,454</u></u>

District management has deemed the amounts to be fully collectible.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,517,000			\$1,517,000
Construction in progress	691,843	\$54,181	(\$691,843)	54,181
Total capital assets not being depreciated	<u>2,208,843</u>	<u>54,181</u>	<u>(691,843)</u>	<u>1,571,181</u>
Capital assets being depreciated:				
Building & building improvements	42,640,923		691,843	43,332,766
Land improvements	2,853,629			2,853,629
Furniture and equipment	3,435,767	114,972		3,550,739
Vehicles	147,901			147,901
Total capital assets being depreciated	<u>49,078,220</u>	<u>114,972</u>	<u>691,843</u>	<u>49,885,035</u>
Less accumulated depreciation:				
Building & building improvements	19,718,786			19,718,786
Land improvements	1,319,054			1,319,054
Furniture and equipment	2,202,127	1,661,463	(426)	3,863,164
Vehicles	92,910			92,910
Total accumulated depreciation	<u>23,332,877</u>	<u>1,661,463</u>	<u>(426)</u>	<u>24,993,914</u>
Total capital assets being depreciated, net	<u>25,745,343</u>	<u>(1,546,491)</u>	<u>692,269</u>	<u>24,891,121</u>
Capital assets, net	<u>\$27,954,186</u>	<u>(\$1,492,310)</u>	<u>\$426</u>	<u>\$26,462,302</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 87,467
Instruction	<u>1,573,996</u>
Total depreciation expense	<u>\$ 1,661,463</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$1,580,553	\$1,734,495	\$70,576	\$2,322,175
Special aid fund	972,337	1,535,742	81,206	
School lunch fund	12,187	20,576		70,576
Capital projects fund	749,631	237,340	716,000	237,191
Debt service fund	237,340		1,762,160	
Total government activities	<u>3,552,048</u>	<u>3,528,153</u>	<u>2,629,942</u>	<u>2,629,942</u>
Private purpose fund	150	19,300		
Fiduciary agency fund	190	4,935		
Totals	<u><u>\$3,552,388</u></u>	<u><u>\$3,552,388</u></u>	<u><u>\$2,629,942</u></u>	<u><u>\$2,629,942</u></u>

The District typically transfers from the general fund to the special aid fund to fund the District's 20% share of summer school handicap expenses required by New York State law and to fund the State Supported Section 4201 schools. The District typically transfers from the general fund to the debt service fund for annual debt service obligations. The District typically transfers from the school lunch fund to the general fund for various utility expenditures utilized by the school lunch operations. The District transferred from the general fund to the capital projects fund to fund projects and also transferred from the capital projects fund to the debt service fund for unneeded authorizations.

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

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

NOTE 10 - SHORT-TERM DEBT:

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/19/2015	0.260%	\$ -	\$ 7,500,000	(\$7,500,000)	\$ -
Total			<u><u>\$ -</u></u>	<u><u>\$ 7,500,000</u></u>	<u><u>(\$7,500,000)</u></u>	<u><u>\$ -</u></u>

Interest expense on short-term debt for the year was \$34,801.

The TAN was issued for interim financing of general fund operations.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – LONG-TERM LIABILITIES:

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt:					
Bonds payable	\$15,115,000	\$3,790,000	(\$660,000)	\$18,245,000	\$760,000
Energy performance debt payable	2,415,045		(202,180)	2,212,865	210,044
Other long-term liabilities:					
Compensated absences payable	5,133,365	371,020	(420,521)	5,083,864	187,066
Claims payable	839,039	52,025	(15,627)	875,437	485,175
Net other postemployment benefits obligation	24,873,563	6,222,346	(2,612,691)	28,483,218	
Net pension liability - proportionate share	1,004,056 *	965,725	(1,219,161)	750,620	
Total long-term liabilities	<u>\$49,380,068</u>	<u>\$11,401,116</u>	<u>(\$5,130,180)</u>	<u>\$55,651,004</u>	<u>\$1,642,285</u>

*as restated

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

A) Bonds Payable

Bonds payable is comprised of the following:

<u>Description</u>	<u>Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>at Year End</u>
Serial Bonds	7/13/2011	7/1/2031	3.00 -4.25%	\$14,455,000
Serial Bonds	7/10/2014	7/1/2034	3.13%	3,790,000
				<u>\$18,245,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$760,000	\$719,741	\$1,479,741
2017	830,000	640,438	1,470,438
2018	845,000	615,313	1,460,313
2019	860,000	589,738	1,449,738
2020	885,000	559,938	1,444,938
2021-2025	4,830,000	2,265,339	7,095,339
2026-2030	5,805,000	1,251,288	7,056,288
2031-2035	3,430,000	197,369	3,627,369
	<u>\$18,245,000</u>	<u>\$6,839,164</u>	<u>\$25,084,164</u>

B) Energy Performance Debt Payable

Energy performance debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Debt	4/11/2008	7/1/2023	3.89%	<u>\$2,212,865</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$210,044	\$86,080	\$296,124
2017	218,215	77,910	296,125
2018	226,704	69,421	296,125
2019	235,522	60,602	296,124
2020	244,684	51,441	296,125
2021-2023	1,077,696	106,805	1,184,501
	<u>\$2,212,865</u>	<u>\$452,259</u>	<u>\$2,665,124</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
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C) Long-Term Interest

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

	Total
Interest paid	\$662,789
Less interest accrued in the prior year	(381,718)
Plus interest accrued in the current year	364,008
Total expense	\$645,079

NOTE 12 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers’ Retirement System

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

ii) Employees’ Retirement System

The District participates in the New York State and Local Employees’ Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State

**SEAFORD UNION FREE SCHOOL DISTRICT
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Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding policies:

The Systems are noncontributory for the employee who joined the Systems prior to July 27, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined on or after January 1, 2010 and before April 1, 2012 employees in NYERS contribute 3% of their salary throughout their active membership and those in NYTRS contribute 3.5% throughout their active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. For NYSERS, the Comptroller 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. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2015	\$4,526,707	\$1,058,737
2014	4,109,575	1,066,333
2013	3,026,370	1,114,250

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

At June 30, 2015, 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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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asset/(liability) was measured as of March 31, 2015 for ERS and June 30, 2014 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, 2015	June 30, 2014
Net pension asset/(liability)	\$ (750,620)	\$ 19,071,205
District's portion of the Plan's total net pension asset/(liability)	0.0222192%	0.171205%

For the year ended June 30, 2015, the District recognized pension expense of (\$745,138) for TRS and \$705,719 for ERS. At June 30, 2015 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>		<u>Deferred Inflow of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 24,028		\$ -	\$ 278,881
Net difference between projected and actual earnings on pension plan investments	130,373			12,808,387
Changes in proportion and differences between the District's contributions and proportionate share of contributions	105,604	\$ 19,432		-
District's contributions subsequent to the measurement date	<u>279,031</u>	<u>4,520,647</u>	<u>-</u>	<u>13,087,268</u>
	<u>\$ 539,036</u>	<u>\$ 4,540,079</u>	<u>\$ -</u>	<u>\$ 13,087,268</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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2015		\$ (3,232,265)
2016	\$ 65,001	\$ (3,232,265)
2017	\$ 65,001	\$ (3,232,265)
2018	\$ 65,001	\$ (3,232,265)
2019	\$ 65,002	\$ (30,169)
Thereafter		\$ (108,607)

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest rate	7.5%	8%
Salary scale	4.90%	4.01% - 10.91%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation rate	2.70%	3.0%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

**SEAFORD UNION FREE SCHOOL DISTRICT
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The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>Measurement date</u>	<u>ERS</u> March 31, 2015	<u>TRS</u> June 30, 2014
<u>Asset type</u>		
Domestic equity	7.30%	7.30%
International equity	8.55%	8.50%
Private equity	11.00%	
Real estate	8.25%	5.00%
Absolute return strategies	6.75%	
Opportunistic portfolio	8.60%	
Real assets	8.65%	
Bonds and mortgages	4.00%	
Cash	2.25%	
Inflation-indexed bonds	4.00%	
Alternative investments		11.00%
Domestic fixed income securities		1.50%
Global fixed income securities		1.40%
Mortgages		3.40%
Short-term		0.80%

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for ERS and 8% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.5% for ERS and 8% 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 (6.5 % for ERS and 7% for TRS) or 1-percentagepoint higher (8.5% for ERS and 9% for TRS) than the current rate:

ERS	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share Of the net pension asset (liability)	(\$5,003,206)	(\$750,620)	\$2,839,617
TRS	1% Decrease <u>7.0%</u>	Current Assumption <u>(8.0%)</u>	1% Increase <u>(9.0%)</u>
Employer's proportionate share Of the net pension asset (liability)	\$411,393	\$19,071,205	\$34,971,957

Pension Plan Fiduciary Net Position

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

	<u>(Dollars in Thousands)</u>	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2014	June 30, 2013
Employers' total pension liability	\$ (164,591,504)	\$ (97,015,706)
Plan Fiduciary Net Position	<u>161,213,259</u>	<u>108,155,083</u>
Employers' net pension asset/(liability)	<u>\$ (3,378,245)</u>	<u>\$ 11,139,377</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	97.95%	-111.48%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through

**SEAFORD UNION FREE SCHOOL DISTRICT
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June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$279,031.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the System in September, October and November 2015 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2015 amounted to \$4,626,074.

Restatement of Net Position

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	\$ (18,858,529)
GASB Statement No. 68 implementation	
Beginning System asset - Teachers' Retirement System	1,148,656
Beginning System liability - Employees' Retirement System	(1,004,056)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Teachers' Retirement System	4,109,575
Employees' Retirement System	<u>270,127</u>
Net position beginning of year, as restated	<u><u>\$ (14,334,227)</u></u>

D) Tax Sheltered Annuities:

The District has adopted a 403 (b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2015, totaled \$101,123 and \$1,556,604 respectively.

**SEAFORD UNION FREE SCHOOL DISTRICT
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NOTE 13 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) Plan Description:

The District primarily provides postemployment health insurance coverage to retired employees and their spouses in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program Empire Plan, (The “Plan”) which is a single-employer defined benefit healthcare plan.

B) Funding Policy:

The District shares of the costs of premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the Fund Financial Statements as payments are made. For the fiscal year 2015, the District recognized an estimated general fund expenditure of \$2,612,691 for insurance premiums for currently enrolled retirees. Plan members receiving benefits contributed 0% - 25% of the health insurance premium. Currently, there is no provision in the law to permit the District to fund other post-employment benefits by any means other than the “pay as you go” method. Therefore, there are no plan assets and no reports issued.

C) Annual OPEB Cost and Net OPEB Obligation:

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the plan:

Annual required contribution	\$6,665,844
Interest on net OPEB obligation	994,943
Adjustment to Annual Required Contribution	<u>(1,438,441)</u>
Annual OPEB cost (expense)	6,222,346
Contributions made	<u>(2,612,691) *</u>
Increase in net OPEB obligation	3,609,655
Net OPEB obligation-beginning of year	<u>24,873,563</u>
Net OPEB obligation-end of year	<u><u>\$28,483,218</u></u>

*Contributions made are estimated based on actuary report.

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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2015 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Adjustment to Net OPEB Obligation	Net OPEB Obligation
6/30/13	\$6,635,124	\$2,672,583	40%	\$0	\$21,243,132
6/30/14	6,144,655	2,514,224	41%	0	24,873,563
6/30/15	6,222,346	2,612,691	42%	0	28,483,218

D) Funded Status and Funding Progress:

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$73,345,265 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,345,265. The covered payroll (annual payroll of active employees covered by the plan) was \$27,371,462 and the ratio of the UAAL to the covered payroll was 268%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the health care trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress following the notes to the financial statements provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E) Actuarial Methods and Assumptions:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In July 1, 2014 actuarial valuation prepared by an outside actuarial firm, the projected unit credit actuarial cost method was used to value the actuarial accrued liability and normal cost. The actuarial assumptions included a discount rate of 4.0% and an annual healthcare cost trend rate of 10.50% initially, reduced by decrements to an ultimate rate of 5% after 6 years. The UAAL is being amortized as a level of percentage of projected

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

payrolls on an open basis. The remaining amortization period at June 30, 2015 was twenty-three years.

NOTE 14 – RISK MANAGEMENT:

A) General:

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

B) Consortiums and Self Insured Plans:

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

The District has established a self-insured plan for risks associated with workers’ compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end. As of June 30, 2015, the District has recorded potential workers’ compensation claims of \$875,437 and has a workers’ compensation reserve balance of \$400,688. Claims activity is summarized below:

	<u>2015</u>	<u>2014</u>
Unpaid claims at beginning of year	\$839,039	\$807,910
Incurred claims and claim adjustment expenses	52,025	415,873
Claims payments	<u>(15,627)</u>	<u>(384,744)</u>
Unpaid claims at year end	<u>\$875,437</u>	<u>\$839,039</u>

NOTE 15 – FUND BALANCES- ASSIGNED:

A) Assigned: Appropriated:

The amount of \$711,728 has been designated as the amount estimated to be appropriated to reduce taxes for the fiscal year ending June 30, 2016 in the general fund.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B) Assigned: Encumbered:

All encumbrances are classified as assigned fund balance. At June 30, 2015, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General Support	\$ 102,890
Instruction	16
	<u>\$102,906</u>

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A) Grants:

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

B) Litigation:

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. The District recorded a liability that is estimated to be in the amount of \$442,625 for Case No. 2015-03744 which is not covered by insurance and probable of an unfavorable outcome.

C) Operating Leases:

The District leases various types of equipment under non-cancelable operating leases. Rental expense for the fiscal year was approximately \$330,571. The following is a summary of obligations of government activities under operating lease payments:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$395,520
2017	313,156
2018	224,376
2019	224,376
2020	168,376
Total Lease Payments	<u>\$1,325,804</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 17 – SUBSEQUENT EVENTS

- A) On July 9, 2015, the District issued tax anticipation notes in the amount of \$5,900,000, maturing on June 21, 2016 with a net interest rate of 0.64%.

- B) The sale of the Seaford Avenue Building and property to BK at Seaford, LLC (a subsidiary of the Engel-Burman Group) took place on September 17, 2015. The gross sale of the property was \$5,144,000, which was reduced by real estate agent commissions, attorney's fees and other adjustments based of the final number of units to be built.

- C) On September 3, 2015 the Board of Education passed a resolution to accept the grant of easement from Nassau County for purposes of constructing and utilizing an access road on the property adjacent to the Harbor Elementary School, which is owned by the County. The County has agreed to grant an easement for the Access Road to allow the District to construct the road on the property to serve as additional ingress and egress to the Harbor Elementary School. For purposes of financing the construction of the Access Road, the County has agreed to contribute \$650,000.

SUPPLEMENTARY INFORMATION

SEAFORD UNION FREE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$41,044,707	\$41,044,707	\$41,066,219	\$21,512
Other real property tax items	7,238,087	7,238,087	7,244,836	6,749
Charges for services	1,489,938	1,489,938	1,547,201	57,263
Use of money & property	85,000	85,000	62,230	(22,770)
Miscellaneous	750,000	816,788	883,905	67,117
State Sources				
Basic formula	6,034,897	6,034,897	5,864,819	(170,078)
Excess cost aid	1,645,429	1,645,429	1,682,031	36,602
Lottery aid	1,997,663	1,997,663	2,038,113	40,450
BOCES aid	987,327	987,327	996,515	9,188
Textbook aid	161,441	161,441	156,868	(4,573)
Computer software aid	40,461	40,461	43,263	2,802
Computer hardware aid	29,714	29,714	29,673	(41)
Lirbary A/V loan program aid	16,881	16,881	18,050	1,169
Other state aid	20,000	20,000		(20,000)
Federal Sources				
Medicaid reimbursement	10,000	10,000	17,838	7,838
TOTAL REVENUES	<u>61,551,545</u>	<u>61,618,333</u>	<u>61,651,561</u>	<u>33,228</u>
Other Financing Sources				
Transfers from other funds	70,000	70,000	70,576	576
TOTAL REVENUES AND OTHER SOURCES	<u>61,621,545</u>	<u>61,688,333</u>	<u>\$61,722,137</u>	<u>\$33,804</u>
Appropriated Fund Balance	711,728	711,728		
Appropriated Reserves	392,481	392,481		
TOTAL REVENUES, OTHER SOURCES & APPROPRIATED FUND BALANCE	<u>\$62,725,754</u>	<u>\$62,792,542</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$45,676	\$45,676	\$32,328		\$13,348
Central administration	270,728	274,117	269,755		4,362
Finance	673,585	768,797	689,502	\$41,164	38,131
Staff	212,385	211,695	188,598	2,486	20,611
Central services	3,345,435	3,400,617	3,235,897	59,240	105,480
Special items	704,248	700,275	699,680		595
Instructional					
Instruction, adm. & imp.	1,848,294	1,847,591	1,808,021		39,570
Teaching - regular school	19,506,227	19,822,895	19,822,879	16	-
Programs for children with handicapping conditions	8,472,788	8,620,584	8,366,529		254,055
Occupational education	963,651	994,248	994,248		-
Teaching special schools	72,035	72,581	69,378		3,203
Instructional media	2,023,814	2,046,383	2,030,567		15,816
Pupil services	2,891,266	2,922,129	2,853,754		68,375
Pupil Transportation	2,863,506	2,861,010	2,465,642		395,368
Community Services	16,820	16,820	16,795		25
Employee Benefits	16,415,076	15,786,904	14,955,907		830,997
Debt Service					
Debt service - principal					
Debt service - interest	76,601	76,601	34,801		41,800
TOTAL EXPENDITURES	<u>60,402,135</u>	<u>60,468,923</u>	<u>58,534,281</u>	<u>102,906</u>	<u>1,831,736</u>
Other Financing Uses					
Transfers to other funds	2,323,619	2,323,619	2,322,175		1,444
TOTAL EXPENDITURES AND OTHER USES	<u>\$62,725,754</u>	<u>\$62,792,542</u>	<u>60,856,456</u>	<u>\$102,906</u>	<u>\$1,833,180</u>
Change In Fund Balance			865,681		
Fund Balance - Beginning of Year			<u>5,219,341</u>		
Fund Balance - End of Year			<u>\$6,085,022</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2015

Valuation Date	Actuarial		Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2008	\$0	\$ 66,936,522	\$ 66,936,522	0%	\$ 21,507,371	311%
July 1, 2010	0	78,135,441	78,135,441	0%	27,570,809	283%
July 1, 2012	0	79,433,667	79,433,667	0%	28,027,067	283%
July 1, 2014	0	73,345,265	73,345,265	0%	27,371,462	268%

SEAFORD UFSD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
JUNE 30, *

NYSERS Pension Plan		
	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0222192%	0.0222192%
District's proportionate share of the net pension liability (asset)	\$ 750,620	\$ 1,004,056
District's covered payroll	\$ 5,200,321	\$ 5,221,306
District's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	14.43%	19.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.95%	97.20%
NYSTRS Pension Plan		
	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.171205%	0.174501%
District's proportionate share of the net pension liability (asset)	\$(19,071,205)	\$ (1,148,656)
District's covered payroll	\$ 27,943,042	\$ 28,499,881
District's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	68.25%	4.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	111.48%	100.70%

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

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

NYSERS Pension Plan								
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 1,058,737	\$ 1,066,333	\$ 1,114,250	\$ 798,408	\$ 570,880	\$ 381,237	\$ 327,261	\$ 373,939
Contributions in relation to the contractually required contribution	<u>1,058,737</u>	<u>1,066,333</u>	<u>1,114,250</u>	<u>798,408</u>	<u>570,880</u>	<u>\$ 381,237</u>	<u>\$ 327,261</u>	<u>\$ 373,939</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 5,406,744	\$ 5,176,465	\$ 5,262,439	\$ 5,088,036	\$ 5,072,437	\$ 4,846,942	\$ 4,335,552	\$ 4,133,127
Contributions as a percentage of covered employee payroll	19.58%	20.60%	21.17%	15.69%	11.25%	7.87%	7.55%	9.05%

NYSTRS Pension Plan								
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 4,526,707	\$ 4,109,575	3,026,370	2,759,844	2,170,205	1,564,183	1,824,518	1,999,331
Contributions in relation to the contractually required contribution	<u>4,526,707</u>	<u>4,109,575</u>	<u>3,026,370</u>	<u>2,759,844</u>	<u>2,170,205</u>	<u>1,564,183</u>	<u>1,824,518</u>	<u>1,999,331</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 28,192,688	\$ 27,943,042	\$ 28,499,881	\$ 26,552,548	\$ 27,155,376	\$ 26,730,326	\$ 25,253,133	\$ 24,104,424
Contributions as a percentage of covered employee payroll	16.06%	14.71%	10.62%	10.39%	7.99%	5.85%	7.22%	8.29%

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$62,637,930
Add: Prior year's encumbrances	87,824
Original Budget	62,725,754
Budget revisions:	
Nassau County Community Revitalization Program	50,000
Donations	16,788
	66,788
Final Budget	\$62,792,542

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2015-16 voter approved expenditure budget	\$63,637,843
Maximum allowed (4% of the 2015-2016 budget)	\$2,545,514
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$814,634
Unassigned fund balance	2,545,514
Total unrestricted fund balance	3,360,148
Less:	
Appropriated fund balance	711,728
Encumbrances included in assigned fund balance	102,906
Total adjustments	814,634
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$2,545,514
Actual percentage	4.00%

SEAFORD UNION FREE SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2015	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
Capital Improvements - High School	\$13,290,633	\$13,324,054	\$13,315,304		\$13,315,304	\$8,750	\$12,195,298	\$64,365	\$1,058,229	\$13,317,892	\$2,588
High School - Surplus back to Debt Service Fund		237,191		\$237,191	237,191		237,191			237,191	-
Capital Improvements - Middle School	6,783,724	4,982,671	4,902,191	50,241	4,952,432	30,239	4,510,752	64,365	389,564	4,964,681	12,249
Capital Improvements - Manor School	1,728,716	1,831,780	1,823,030		1,823,030	8,750	1,406,599	416,431	8,750	1,831,780	8,750
Capital Improvements - Harbor School	2,923,213	2,776,373	2,195,672	3,940	2,199,612	576,761	1,600,161	322,000	854,212	2,776,373	576,761
Energy Performance Contract - General	3,289,503	3,289,503	3,279,303		3,279,303	10,200	3,289,503			3,289,503	10,200
TOTAL	<u>\$28,015,789</u>	<u>\$26,441,572</u>	<u>\$25,515,500</u>	<u>\$291,372</u>	<u>\$25,806,872</u>	<u>\$634,700</u>	<u>\$23,239,504</u>	<u>\$867,161</u>	<u>\$2,310,755</u>	<u>\$26,417,420</u>	<u>\$610,548</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2015**

Capital assets, net			\$26,462,302
Deduct:			
Short-term portion of bonds payable		\$760,000	
Long-term portion of bonds payable		17,485,000	
Less: Unspent serial bond proceeds		<u>(600,348)</u>	
			17,644,652
Short-term portion of energy performance debt		\$210,044	
Long-term portion of energy performance debt		2,002,821	
Less: Unspent energy performance proceeds		<u>(10,200)</u>	
			<u>2,202,665</u>
Net Investment in capital assets			<u><u>\$6,614,985</u></u>



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

To the Board of Education
Seaford Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Seaford Union Free School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Seaford Union Free School District's basic financial statements, and have issued our report thereon dated September 30, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Seaford Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
September 30, 2015