

**SEAFORD UNION FREE  
SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

# SEAFORD UNION FREESCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Seaford Union Free School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Seaford Union Free School District as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Seaford Union Free School District as of June 30, 2017, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 17 and 59 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of the 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 the Seaford Union Free School District's internal control over financial reporting and compliance.

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

R.S. Abrams & Co., LLP  
Islandia, NY  
September 27, 2017

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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, 2017 with an unassigned fund balance in its general fund of \$7,633,761. Of this amount, \$4,966,187 represents the unassigned fund balance- reserve for tax reduction and the remaining \$2,667,574 in unassigned fund balance- other represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes.
- On the District-Wide Financial Statements, revenues decreased by 5.51% as a result of the sale of Seaford Avenue School in the prior year, increased property taxes and other tax items and state sources.
- On the District-Wide Financial Statements, expenditures increased approximately 9.66% primarily due to changes in actuarial assumptions used to determine the District's proportionate share of the net pension asset or liability for the New York State Teachers' Retirement System ("TRS").
- The District adopted a budget of \$66,689,370 for the fiscal ending June 30, 2018. This budget includes \$148,556 related to a transportation referendum that was passed by the voters on May 16, 2017.
- In June 2017 Moody's Investors Service upgraded the District's (NY) general obligation bonds to Aa3 from A1, affecting \$17.5 million in rated debt.
- 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. The road was completed in September 2017.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.
  - 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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

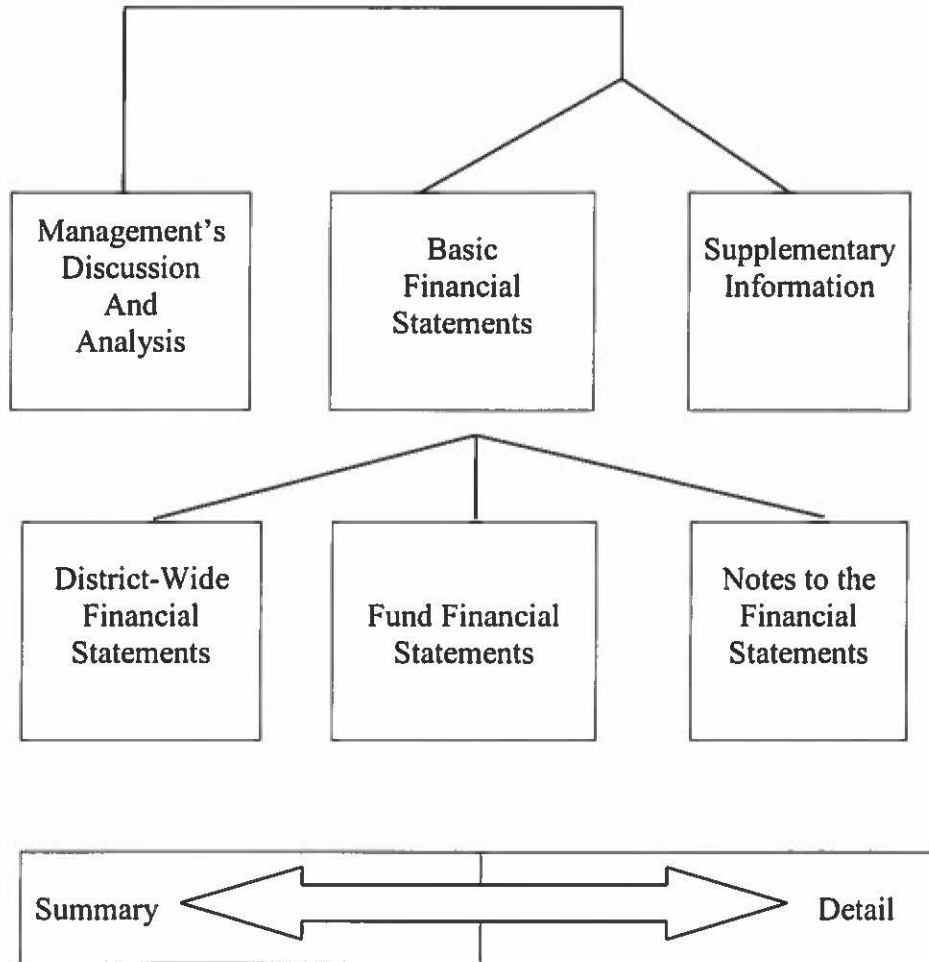


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and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



**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All 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, 2017**

**A) District-Wide Financial Statements:**

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

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred inflows of resources, and 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 position 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, 2017**

**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 Statements, an additional schedule 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 decreased by \$3,372,391 in the fiscal year ended June 30, 2017, as detailed in Table A-3.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Table A-3: Condensed Statement of Net Position

	Fiscal Year 2017	Fiscal Year 2016*	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$21,305,957	\$19,645,644	\$1,660,313	8.45%
Capital assets, net	23,913,863	25,168,386	(1,254,523)	-4.98%
Net pension asset, proportionate share		17,855,568	(17,855,568)	-100.00%
Total Assets	<u>45,219,820</u>	<u>62,669,598</u>	<u>(17,449,778)</u>	<u>-27.84%</u>
Deferred outflows of resources	19,592,877	6,968,673	12,624,204	181.16%
Total assets and deferred outflows of resources	<u>\$64,812,697</u>	<u>\$69,638,271</u>	<u>(\$4,825,574)</u>	<u>-6.93%</u>
Other liabilities	\$5,605,452	\$6,285,023	(\$679,571)	-10.81%
Long-term liabilities	62,216,346	57,942,131	4,274,215	7.38%
Net pension liability, proportionate share	3,875,593	3,511,535	364,058	10.37%
Total Liabilities	<u>71,697,391</u>	<u>67,738,689</u>	<u>3,958,702</u>	<u>5.84%</u>
Deferred inflows of resources	1,172,648	6,584,533	(5,411,885)	-82.19%
Total liabilities and deferred inflows of resources	<u>72,870,039</u>	<u>74,323,222</u>	<u>(1,453,183)</u>	<u>-1.96%</u>
Net Position				
Net investment in capital assets	5,484,457	5,690,765	(206,308)	-3.63%
Restricted	6,703,987	4,625,487	2,078,500	44.94%
Unrestricted (deficit)	(20,245,786)	(15,001,203)	(5,244,583)	-34.96%
Total Net Position (deficit)	<u>(8,057,342)</u>	<u>(4,684,951)</u>	<u>(3,372,391)</u>	<u>-71.98%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$64,812,697</u>	<u>\$69,638,271</u>	<u>(\$4,825,574)</u>	<u>-6.93%</u>

\* Reclassifications were made to the 2016 restricted and unrestricted net position to conform to the 2017 financial statement classification. Such reclassifications had no effect on total net position as previously reported.

Current and other assets increased by \$1,660,313 or 8.45% due to an increase in cash offset by a decrease in receivables. Capital assets decreased by 1,254,523 or 4.98% due to current year depreciation and loss on disposals, offset by additions. The net pension asset - proportionate share decreased by \$17,855,568 as a result of the actuarial valuation provided by the state. During the prior year the District had a net pension asset for TRS, which became a net pension liability for the current year. Other liabilities decreased by \$679,571 or 10.81% primarily due to a decrease in accrued liabilities, compensated absences payable and the amounts due to the teachers' and employees' retirement system, offset by increases in accounts payable, accrued interest payable and due to other governments. Long-term liabilities increased by \$4,274,215 or 7.38% due to increases in claims payable and net other postemployment benefits obligation, offset by decreases in bonds payable, energy performance debt payable and compensated absences. Net pension liability, proportionate share increased by \$364,058 or 10.37% due to changes in the actuarial valuation of TRS and ERS. The changes in deferred inflows and outflows represent amortization of pension related items as discussed in Note 12 and in the District's contributions subsequent to the measurement date.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$6,703,987 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 \$2,078,500 or 44.94% from the prior year.

The unrestricted deficit in the amount of \$20,245,786 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 increased by \$5,244,583 or 34.96% from the prior year.

Overall, net position decreased by \$3,372,391.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017 and 2016 is as follows:

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

	Fiscal Year 2017	Fiscal Year 2016	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for services	\$2,016,249	\$2,354,985	(\$338,736)	-14.38%
Operating grants	964,304	1,012,850	(48,546)	-4.79%
<b>General Revenues</b>				
Property taxes & other tax items	50,000,881	49,402,678	598,203	1.21%
State sources	12,242,631	11,410,296	832,335	7.29%
Use of money & property	77,220	66,286	10,934	16.50%
Other	207,924	157,784	50,140	31.78%
<b>Total Revenues</b>	<b>65,509,209</b>	<b>64,404,879</b>	<b>1,104,330</b>	<b>1.71%</b>
<b>Special Item</b>				
Sale of Seaford Ave School		4,926,801	(4,926,801)	-100.00%
<b>Total Revenues and Special Items</b>	<b>\$65,509,209</b>	<b>\$69,331,680</b>	<b>(\$3,822,471)</b>	<b>-5.51%</b>
<b>Expenses</b>				
General support	\$8,546,030	\$6,486,373	\$2,059,657	31.75%
Instruction	56,192,957	52,120,285	4,072,672	7.81%
Pupil transportation	2,700,778	2,837,701	(136,923)	-4.83%
Community service	25,454	23,718	1,736	7.32%
Debt service - interest	794,030	823,611	(29,581)	-3.59%
Food service program	622,351	519,491	102,860	19.80%
<b>Total Expenses</b>	<b>68,881,600</b>	<b>62,811,179</b>	<b>6,070,421</b>	<b>9.66%</b>
<b>Increase (Decrease) in Net Position</b>	<b>(\$3,372,391)</b>	<b>\$6,520,501</b>	<b>(\$9,892,892)</b>	<b>-151.72%</b>

The District's fiscal year 2017 revenues totaled \$65,509,209. (See Table A-4). Property taxes and other items and state sources accounted for most of the District's revenue by contributing 76.33% and 18.69%, 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 total cost of all programs and services totaled \$68,881,600 for fiscal year 2017. These expenses are primarily related to instruction (including pupil services) and general support, which account for 93.99% of District expenses. (See Table A-6).

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Table A-5: Revenues for Fiscal Year 2017 (See Table A-4)

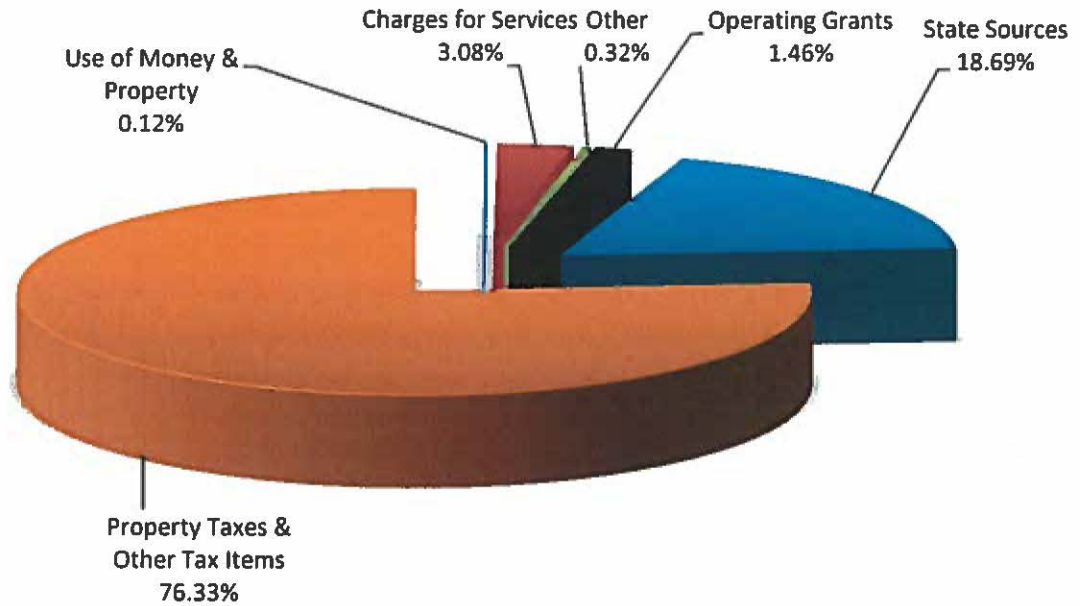
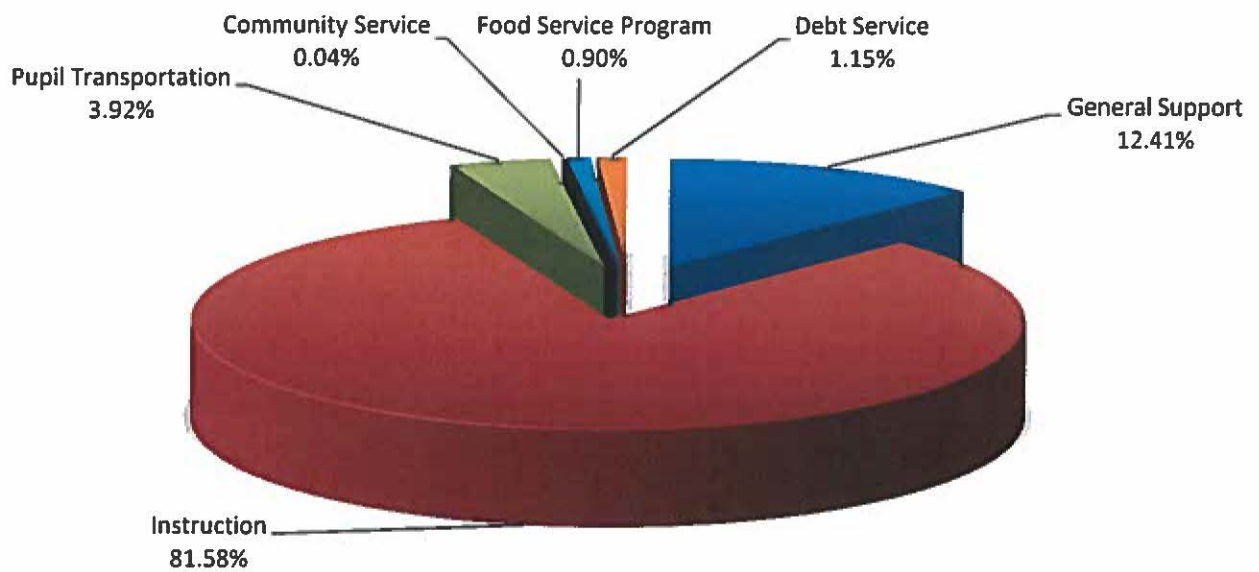


Table A-6: Expenses for Fiscal Year 2017 (See Tables A-4 and A-7)



**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**C) Governmental Activities:**

Revenues for the District's combined governmental activities totaled \$65,509,209 while combined total expenses equaled \$68,881,600, resulting in a decrease in net position of \$3,372,391 for 2017. 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 2017	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2016
General support	\$8,546,030	\$6,486,373	\$8,546,030	\$6,486,373
Instruction	56,192,957	52,120,285	53,935,601	49,474,250
Pupil transportation	2,700,778	2,837,701	2,627,621	2,748,240
Community service	25,454	23,718	25,454	23,718
Debt service - interest	794,030	823,611	794,030	823,611
Food service program	622,351	519,491	(27,689)	(112,848)
Total	<u>\$68,881,600</u>	<u>\$62,811,179</u>	<u>\$65,901,047</u>	<u>\$59,443,344</u>

- The cost of all governmental activities this year was \$68,881,600. (Statement of Activities, Expenses column-see Exhibit 3).
- The users of the District's programs financed \$2,016,249 of the cost. (Statement of Activities, Charges for Services column-see Exhibit 3).
- The federal and state governments subsidized certain programs with grants of \$964,304 (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, 2017**

- Most of the District's net costs of \$65,901,047 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**

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

As of June 30, 2017, the District's combined governmental funds reported a total fund balance of \$16,082,185 which is an increase of \$2,393,824 over the prior year.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	2017	2016*	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for employee benefit accrued liability	\$3,482,496	\$2,567,042	\$915,454	35.66%
Restricted for retirement contribution	1,730,384	902,077	828,307	91.82%
Restricted for workers' compensation	955,311	601,689	353,622	58.77%
Restricted for repairs	131,765	150,857	(19,092)	-12.66%
Assigned - designated for subsequent year's expenditures	650,000	711,728	(61,728)	-8.67%
Assigned - general support	78,344	15,177	63,167	416.20%
Assigned - instruction	13,822	5,682	8,140	143.26%
Assigned - employee benefits		150	(150)	100.00%
Unassigned- reserve for tax reduction	4,966,187	4,936,470	29,717	0.60%
Unassigned-other	2,667,574	2,612,418	55,156	2.11%
<b>Total Fund Balance- General Fund</b>	<b>\$14,675,883</b>	<b>\$12,503,290</b>	<b>\$2,172,593</b>	<b>17.38%</b>
<b>School Lunch Fund</b>				
Nonspendable - inventory	\$9,581		\$9,581	N/A
Assigned	154,007	\$223,437	(69,430)	-31.07%
<b>Total Fund Balance- School Lunch Fund</b>	<b>\$163,588</b>	<b>\$223,437</b>	<b>(\$59,849)</b>	<b>-26.79%</b>
<b>Capital Projects Fund</b>				
Restricted - Unspent proceeds	\$10,200	\$10,200	\$ -	0.00%
Assigned	828,483	547,612	280,871	51.29%
<b>Total Fund Balance - Capital Projects Fund</b>	<b>\$838,683</b>	<b>\$557,812</b>	<b>\$280,871</b>	<b>-50.35%</b>
<b>Debt Service Fund</b>				
Restricted for debt service	\$404,031	\$403,822	\$209	0.05%
<b>Total Fund Balance - Debt Service Fund</b>	<b>\$404,031</b>	<b>\$403,822</b>	<b>\$209</b>	<b>0.05%</b>
<b>Total Fund Balance - All Funds</b>	<b>\$16,082,185</b>	<b>\$13,688,361</b>	<b>\$2,393,824</b>	<b>17.49%</b>

\* Reclassifications have been made to the 2016 fund balance classifications to conform to the 2017 classification. Such reclassifications had no effect on total fund balance as previously reported.

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, workers' compensation and repair reserve is due to transfers from unassigned fund balance, offset but use of the employee benefit accrued liability, retirement contribution, and repair reserves.

The decrease in the school lunch fund balance is due to an operating deficit.

The increase in capital projects fund is due to an increase in interfund transfers offset by capital outlay.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The increase in debt service fund is due to interest.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A) 2016-17 Budget:**

The District's general fund budget for the year ended June 30, 2017 was \$65,310,448. This amount was increased by encumbrances carried forward from the prior year in the amount of \$21,009 and budget revisions of \$60,837 which resulted in a final budget of \$65,392,294. The majority of the funding was property taxes and other real property tax items of \$49,952,704.

**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- Other	\$2,612,418
Revenues under Budget	(269,187)
Expenditures and Encumbrances Under Budget	3,325,623
Transfers to Reserves	(2,357,876)
Interest Allocated to Reserves	(25,414)
Interest Allocated to Unassigned- Reserve for Tax Reduction	(29,718)
Appropriated for June 30, 2018 Budget	(650,000)
Other Changes in Fund Balance	61,728
Closing, Unassigned Fund Balance- Other	<u><u>\$2,667,574</u></u>

The opening unassigned fund balance- other of \$2,612,418 is the June 30, 2016 unassigned fund balance- other.

The revenues under budget of \$269,187 were primarily related to charges for services and state aid amounts received.

The expenditures and encumbrances under budget of \$3,325,623 were primarily in pupil transportation, programs for children with handicapping conditions, central services and employee benefits. (see Supplemental Schedule #1 for detail).

The change in the restricted fund balance of \$2,357,876 is the result of funding the employee benefit accrued liability reserve in the amount of \$1,100,000 funding the retirement contribution reserve in the amount of \$872,876 funding the workers' compensation reserve in the amount of \$350,000 and funding the repair reserve in the amount of \$35,000. In addition, interest earnings of \$25,414 were allocated to the reserves.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Interest earnings of \$29,718, were allocated to unassigned-reserve for tax reduction.

The appropriated fund balance for June 30, 2018 budget of \$650,000 represents the amount the District has assigned to partially fund its 2017-18 budget.

The closing unassigned fund balance- other 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 2017-2018 budget.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A) Capital Assets:**

The District paid for equipment and various building additions and renovations during the fiscal year 2017. 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 2017	Fiscal Year 2016	Increase (Decrease)	% Change
Land	\$ 1,517,000	\$ 1,517,000	\$ -	0.00%
Construction in progress	370,560	184,529	186,031	100.81%
Buildings & building improvements	42,763,642	43,332,766	(569,124)	(1.31%)
Land improvements	3,006,379	2,853,629	152,750	5.35%
Furniture & equipment	4,377,793	3,839,896	537,897	14.01%
Vehicles	124,640	147,901	(23,261)	(15.73%)
Subtotal	<u>52,160,014</u>	<u>51,875,721</u>	<u>284,293</u>	0.55%
Less: Accumulated depreciated	<u>28,246,151</u>	<u>26,707,335</u>	<u>1,538,816</u>	5.76%
Total Net Capital Assets	<u>\$ 23,913,863</u>	<u>\$ 25,168,386</u>	<u>\$ (1,254,523)</u>	(4.98%)

The District spent \$370,560 in the capital projects fund and \$157,604 in the general fund on building and building improvements and furniture and equipment purchases during the year. Depreciation expense was \$1,711,750 and the District had net loss of \$70,397 on reclassifications as a result of the result of a full inventory appraisal of capital assets.

**B) Long-Term Debt:**

At June 30, 2017, the District had total bonds payable of \$16,655,000 and energy performance debt payable of \$1,784,606. The decrease in serial bonds and energy performance debt represents principal payments. A summary of outstanding debt at June 30, 2017 and 2016 is as follows:

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2017	2016	Increase (Decrease)
Serial bonds payable	\$16,655,000	\$17,485,000	(\$830,000)
Energy performance debt payable	1,784,606	2,002,821	(218,215)
Total	<u>\$18,439,606</u>	<u>\$19,487,821</u>	<u>(\$1,048,215)</u>

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

**7. FACTORS BEARING ON THE DISTRICT'S FUTURE**

- A) The 2017-18 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 2017-2018 school year in the amount of \$66,689,370, inclusive of the \$148,556 transportation referendum, was approved by the voters. This is an increase of \$1,378,922 or 2.11% over the previous year's budget. The increase was primarily due to increases in personnel costs and employee benefits.
- C) On September 13, 2017, the District issued tax anticipation notes in the amount of \$5,000,000 maturing on June 21, 2018, with a net interest rate of 1.1083%.
- D) New York State 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.
- E) 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 through an Affordable Insurance Exchange. It is anticipated that implementation of this law will increase the health insurance costs for the District.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

<b>ASSETS</b>	
Current assets	
Cash	
Unrestricted	\$11,059,405
Restricted	6,714,187
Receivables	
State and federal aid	826,313
Due from other governments	1,574,056
Due from fiduciary funds	3,897
Taxes receivable	1,110,073
Accounts receivable	8,445
Inventories	9,581
Non-current assets	
Capital assets	
Not being depreciated	1,887,560
Being depreciated, net of accumulated depreciation	<u>22,026,303</u>
<b>TOTAL ASSETS</b>	<u>45,219,820</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Pensions	<u>19,592,877</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>\$64,812,697</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	\$898,356
Accrued liabilities	446,238
Accrued interest payable	381,680
Due to other governments	19,759
Compensated absences payable	338,838
Due to teachers' retirement system	3,305,253
Due to employees' retirement system	198,099
Unearned credits	
Collections in advance	17,229
Long-term liabilities	
Due and payable within one year	
Bonds payable	845,000
Energy performance debt payable	226,704
Compensated absences payable	218,882
Claims payable	291,502
Due and payable after one year	
Bonds payable	15,810,000
Energy performance debt payable	1,557,902
Compensated absences payable	4,226,744
Claims payable	906,236
Net other postemployment benefits obligation	38,133,376
Net pension liability - proportionate share	<u>3,875,593</u>
<b>TOTAL LIABILITIES</b>	<u>71,697,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	<u>1,172,648</u>
<b>NET POSITION</b>	
Net investment in capital assets	<u>5,484,457</u>
Restricted	
Employee benefit accrued liability	3,482,496
Retirement contribution	1,730,384
Workers' compensation	955,311
Repair	131,765
Debt service	404,031
	<u>6,703,987</u>
Unrestricted (Deficit)	<u>(20,245,786)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(8,057,342)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$64,812,697</u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>FUNCTIONS / PROGRAMS</b>				
General support	(\$8,546,030)			(\$8,546,030)
Instruction	(56,192,957)	\$1,532,998	\$724,358	(53,935,601)
Pupil transportation	(2,700,778)		73,157	(2,627,621)
Community services	(25,454)			(25,454)
Debt service- interest	(794,030)			(794,030)
Food service program	(622,351)	483,251	166,789	27,689
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<u>(\$68,881,600)</u>	<u>\$2,016,249</u>	<u>\$964,304</u>	<u>(65,901,047)</u>
 <b>GENERAL REVENUES</b>				
Real property taxes				42,093,324
Other tax items - including STAR reimbursement				7,907,557
Use of money & property				77,220
Miscellaneous				167,805
State sources				12,242,631
Medicaid reimbursement				40,119
<b>TOTAL GENERAL REVENUES</b>				<u>62,528,656</u>
 <b>CHANGE IN NET POSITION</b>				(3,372,391)
 <b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<u>(4,684,951)</u>
 <b>TOTAL NET POSITION - END OF YEAR</b>				<u>(\$8,057,342)</u>



**SEAFORD UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$10,172,723	\$719	\$336,767	\$490,589	\$58,607	\$11,059,405
Restricted	6,299,956			10,200	404,031	6,714,187
Receivables						
State and federal aid	289,664	528,242	8,407			826,313
Taxes receivable	1,110,073					1,110,073
Accounts receivable	4,348		4,097			8,445
Due from other governments	1,574,056					1,574,056
Due from other funds	1,083,791	148,985		713,631	237,517	2,183,924
Inventory			9,581			9,581
<b>TOTAL ASSETS</b>	<b>\$20,534,611</b>	<b>\$677,946</b>	<b>\$358,852</b>	<b>\$1,214,420</b>	<b>\$700,155</b>	<b>\$23,485,984</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Payables						
Accounts payable	\$685,635	\$2,677	\$113,736	\$96,308		\$898,356
Accrued liabilities	445,360	878				446,238
Due to other governments	18,452		1,307			19,759
Due to other funds	862,616	674,391	67,467	279,429	\$296,124	2,180,027
Due to teachers' retirement system	3,305,253					3,305,253
Due to employees' retirement system	198,099					198,099
Compensated absences	338,838					338,838
Unearned credits						
Collections in advance	4,475		12,754			17,229
<b>TOTAL LIABILITIES</b>	<b>5,858,728</b>	<b>677,946</b>	<b>195,264</b>	<b>375,737</b>	<b>296,124</b>	<b>7,403,799</b>
<b>FUND BALANCES</b>						
Non spendable: Inventory			9,581			9,581
Restricted						
Employee benefit accrued liability	3,482,496					3,482,496
Retirement contribution	1,730,384					1,730,384
Workers' compensation	955,311					955,311
Repair	131,765					131,765
Debt service					404,031	404,031
Unspent energy performance proceeds				10,200		10,200
Assigned						
Appropriated fund balance	650,000					650,000
Unappropriated fund balance	92,166		154,007	828,483		1,074,656
Unassigned						
Reserve for tax reduction	4,966,187					4,966,187
Other	2,667,574					2,667,574
<b>TOTAL FUND BALANCES</b>	<b>14,675,883</b>	<b>-</b>	<b>163,588</b>	<b>838,683</b>	<b>404,031</b>	<b>16,082,185</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$20,534,611</b>	<b>\$677,946</b>	<b>\$358,852</b>	<b>\$1,214,420</b>	<b>\$700,155</b>	<b>\$23,485,984</b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2017**

Total Governmental Fund Balances \$16,082,185

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	\$52,160,014	
Accumulated depreciation	<u>(28,246,151)</u>	23,913,863

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 (1,172,648)

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 19,592,877

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		(381,680)
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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	(\$16,655,000)	
Energy performance debt payable	(1,784,606)	
Compensated absences payable	(4,445,626)	
Claims payable	(1,197,738)	
Net other postemployment benefits obligation	(38,133,376)	
Net pension liability - proportionate share	<u>(3,875,593)</u>	
		<u>(66,091,939)</u>

Total Net Position		<u><u>(\$8,057,342)</u></u>
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**SEAFORD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Real property taxes	\$42,093,324					\$42,093,324
Other tax items - including STAR reimbursement	7,925,743					7,925,743
Charges for services	1,532,998					1,532,998
Use of money and property	77,011				\$209	77,220
Miscellaneous	167,805					167,805
State sources	12,242,631	\$185,086	\$8,104			12,435,821
Federal sources	40,119	612,429	122,030			774,578
Surplus food			36,655			36,655
Sales - school lunch			483,251			483,251
<b>TOTAL REVENUES</b>	<u>64,079,631</u>	<u>797,515</u>	<u>650,040</u>	<u>-</u>	<u>209</u>	<u>65,527,395</u>
<b>EXPENDITURES</b>						
General support	5,232,205					5,232,205
Instruction	37,351,808	788,123				38,139,931
Pupil transportation	2,555,048	73,157				2,628,205
Community service	15,674					15,674
Employee benefits	14,298,083					14,298,083
Debt service- principal					1,048,215	1,048,215
Debt service - interest	39,929				718,347	758,276
Cost of sales			642,422			642,422
Capital outlay				\$370,560		370,560
<b>TOTAL EXPENDITURES</b>	<u>59,492,747</u>	<u>861,280</u>	<u>642,422</u>	<u>370,560</u>	<u>1,766,562</u>	<u>63,133,571</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,586,884</u>	<u>(63,765)</u>	<u>7,618</u>	<u>(370,560)</u>	<u>(1,766,353)</u>	<u>2,393,824</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Operating transfers in	67,467	63,765		651,431	1,766,562	2,549,225
Operating transfers (out)	(2,481,758)		(67,467)			(2,549,225)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>(2,414,291)</u>	<u>63,765</u>	<u>(67,467)</u>	<u>651,431</u>	<u>1,766,562</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,172,593	-	(59,849)	280,871	209	2,393,824
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>12,503,290</u>	<u>-</u>	<u>223,437</u>	<u>557,812</u>	<u>403,822</u>	<u>13,688,361</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$14,675,883</u>	<u>\$ -</u>	<u>\$163,588</u>	<u>\$838,683</u>	<u>\$404,031</u>	<u>\$16,082,185</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, 2017**

Net Change in Fund Balances \$2,393,824

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, 2017 changed by 844,299

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended June 30, 2017 is (18,186)

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, 2017 changed by (213,573)

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, 2017 changed by (5,953,156)

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	\$104,548	
Employees' retirement system	<u>(288,085)</u>	(183,537)

**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	\$528,164	
Depreciation expense and loss on disposal	<u>(1,782,687)</u>	(1,254,523)

**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. 830,000

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. 218,215

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, 2016 to June 30, 2017 changed by (35,754)

Change in Net Position (\$3,372,391)

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash- Restricted	\$47,183	\$178,919
<b>TOTAL ASSETS</b>	<u>\$47,183</u>	<u>\$178,919</u>
<b>LIABILITIES</b>		
Due to other funds		\$3,897
Extraclassroom		74,564
Other liabilities		100,458
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$178,919</u>
<b>NET POSITION</b>		
Restricted for scholarships	47,183	
<b>TOTAL NET POSITION</b>	<u>47,183</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$47,183</u>	

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Gifts and contributions	\$28,532
Interest and earnings	24
<b>TOTAL ADDITIONS</b>	<u>28,556</u>
 <b>DEDUCTIONS</b>	
Scholarships and awards	<u>24,250</u>
<b>TOTAL DEDUCTIONS</b>	<u>24,250</u>
 <b>CHANGE IN NET POSITION</b>	 4,306
 <b>NET POSITION - BEGINNING OF YEAR</b>	 <u>42,877</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$47,183</u></u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

**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 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



**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. 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.

**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

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, compensated absences, net pension liability, and other post-employment benefits obligation, 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, deferred outflow of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post employment benefits, potential contingent liabilities, net pension liability, and useful lives of capital assets.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**I) Cash and cash equivalents:**

The District's cash and cash equivalents consist of cash on hand and demand deposits.

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 donated by the U.S. Department of Agriculture, at the Government's 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.

Nonspendable fund balance for these non-liquid assets has been recognized in the school lunch 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, 2017.

**L) Capital assets:**

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the time received.

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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. Collections in advance consist of amounts received in advance for meals that have not yet been purchased in the school lunch fund and for bid retainers 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), changes of assumptions (ERS and TRS), the net difference between projected and actual investment earnings on pension plan investments (ERS and TRS), changes in proportion and differences between employer contributions and proportionate share of contributions (ERS and TRS), and the District's contributions to the pension systems subsequent to the measurement date (TRS and ERS systems).

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 (ERS and TRS) and changes in proportion and differences between the District's contributions and proportionate share of contributions (ERS and TRS).

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**P) Other benefits:**

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, 2017**

**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. Compensated absences, net pension liability, and other post-employment benefit obligations 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, energy performance contract debt, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

**S) Equity classifications:**

**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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 three 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 \$9,581.
- 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.

**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'



**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 Energy Performance Proceeds

Unspent long-term 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.

- 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, 2017.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- 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.

The tax reduction reserve (Ed. Law§1604-36 §1709-37) is used to allow for the gradual use of proceeds from the sale of district real property. The Board of Education may establish a tax reduction reserve by a Board of Education resolution. Expenditures from this reserve are to be appropriated annually over ten or fewer years to offset the tax levy.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, the reserve for tax reduction and encumbrances included in the 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 (i.e. expenditures related to reserves) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

**T) New accounting standards:**

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2017: Statement No. 77, *Tax Abatement Disclosures*, which requires increased disclosures surrounding tax abatements, and Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues in the previously issued pension statements regarding payroll related measures in the required supplementary information, the selection of assumptions and deviations from other guidance, and the treatment of employee (plan member) contributions made by employers.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**U) Future changes in accounting standards:**

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.

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

**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.

**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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

**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.

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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.

**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 No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A) Uncollateralized;
- B) Collateralized 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.

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

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**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, 2017 included \$6,714,187 within the governmental funds for general reserve purposes, debt service, and capital projects and \$226,102 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.

**NOTE 5 – PARTICIPATION IN BOCES:**

During the year ended June 30, 2017, the District was billed \$5,036,874 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,162,754. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

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**NOTE 6 –STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable at June 30, 2017 consisted of:

General Fund	
Excess cost aid	\$289,664
Total	<u>289,664</u>
Special Aid Fund	
Federal aid	398,696
State aid	108,932
Local aid	20,614
Total	<u>528,242</u>
School Lunch Fund	
Federal aid	7,861
State aid	546
Total	<u>8,407</u>
Total - All funds	<u>\$826,313</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, 2017 consisted of the following:

Nassau County Harbor Access Road	\$433,334
Nassau County CPSE	7,254
Tuition and health services - other Districts	603,386
BOCES aid	530,082
Total	<u>\$1,574,056</u>

District management has deemed the amounts to be fully collectible.

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**NOTE 8 - CAPITAL ASSETS:**

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications* /Disposals</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>				
Land	\$1,517,000			\$1,517,000
Construction in progress	184,529	\$370,560	(\$184,529)	370,560
<b>Total capital assets     not being depreciated</b>	<u>1,701,529</u>	<u>370,560</u>	<u>(184,529)</u>	<u>1,887,560</u>
<b>Capital assets being depreciated:</b>				
Building & building improvements	43,332,766	3,320	(572,444)	42,763,642
Land improvements	2,853,629		152,750	3,006,379
Furniture and equipment	3,839,896	154,284	383,613	4,377,793
Vehicles	147,901		(23,261)	124,640
<b>Total capital assets     being depreciated</b>	<u>50,174,192</u>	<u>157,604</u>	<u>(59,342)</u>	<u>50,272,454</u>
<b>Less accumulated depreciation:</b>				
Building & building improvements	20,902,728	1,314,332	1,011,575	23,228,635
Land improvements	1,456,769	106,714	157,425	1,720,908
Furniture and equipment	4,253,112	283,124	(1,337,579)	3,198,657
Vehicles	94,726	7,580	(4,355)	97,951
<b>Total accumulated depreciation</b>	<u>26,707,335</u>	<u>1,711,750</u>	<u>(172,934)</u>	<u>28,246,151</u>
<b>Total capital assets being depreciated, net</b>	<u>23,466,857</u>	<u>(1,554,146)</u>	<u>113,592</u>	<u>22,026,303</u>
<b>Capital assets, net</b>	<u>\$25,168,386</u>	<u>(\$1,183,586)</u>	<u>(\$70,937)</u>	<u>\$23,913,863</u>

\* The net loss of disposals/reclassification in the amount of \$70,937 represents the results of a full appraisal in the current year.

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

General support	\$ 1,516,967
Instruction	265,720
<b>Total depreciation expense</b>	<u>\$ 1,782,687</u>



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**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$1,083,791	\$862,616	\$67,467	\$2,481,758
Special aid fund	148,985	674,391	63,765	
School lunch fund		67,467		67,467
Capital projects fund	713,631	279,429	651,431	
Debt service fund	237,517	296,124	1,766,562	
Total government activities	2,183,924	2,180,027	2,549,225	2,549,225
Private purpose fund				
Fiduciary agency fund		3,897		
Totals	<u>\$2,183,924</u>	<u>\$2,183,924</u>	<u>\$2,549,225</u>	<u>\$2,549,225</u>

The District typically transfers from the general fund to the special aid fund to fund the District's 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.

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:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/22/2017	0.900%	\$ -	\$ 1,000,000	(\$1,000,000)	\$ -
TAN	6/22/2017	2.000%		4,000,000	(4,000,000)	-
Total			<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>(\$5,000,000)</u>	<u>\$ -</u>

Interest expense on short-term debt for the year was \$39,929.

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

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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	\$17,485,000		(\$830,000)	\$16,655,000	\$845,000
Energy performance debt payable	2,002,821		(218,215)	1,784,606	226,704
Other long-term liabilities:					
Compensated absences payable	5,289,925		(844,299)	4,445,626	218,882
Claims payable	984,165	\$227,885	(14,312)	1,197,738	291,502
Net other postemployment benefits obligation	32,180,220	8,724,356	(2,771,200)	38,133,376	
Net pension liability - proportionate share	3,511,535	4,883,310	(4,519,252)	3,875,593	
Total long-term liabilities	<u>\$61,453,666</u>	<u>\$13,835,551</u>	<u>(\$9,197,278)</u>	<u>\$66,091,939</u>	<u>\$1,582,088</u>

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>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial Bonds	7/13/2011	7/1/2031	3.00 -4.25%	\$13,115,000
Serial Bonds	7/10/2014	7/1/2034	3.13%	3,540,000
				<u>\$16,655,000</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
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	905,000	525,737	1,430,737
2022	935,000	490,563	1,425,563
2023-2027	5,180,000	1,882,888	7,062,888
2028-2032	6,295,000	776,781	7,071,781
2033-2036	750,000	38,025	788,025
	<u>\$16,655,000</u>	<u>\$5,478,983</u>	<u>\$22,133,983</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>\$1,784,606</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$226,704	\$69,421	\$296,125
2019	235,522	60,602	296,124
2020	244,684	51,441	296,125
2021	254,203	41,922	296,125
2022	264,091	32,034	296,125
2023-2024	559,402	32,849	592,251
	<u>\$1,784,606</u>	<u>\$288,269</u>	<u>\$2,072,875</u>

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**C) Long-Term Interest**

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

	<b>Total</b>
Interest paid	\$718,347
Less interest accrued in the prior year	(345,926)
Plus interest accrued in the current year	381,680
Total expense	\$754,101

**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](http://www.nystrs.org).

**ii) Employees' Retirement System**

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

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

**B) Funding policies:**

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

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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:

	NYSTRS	NYSERS
2017	\$3,178,872	\$773,346
2016	\$3,591,795	\$775,064
2015	\$4,526,707	\$1,058,737

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

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Net pension asset/(liability)	\$ (1,995,496)	\$ (1,880,097)
District's portion of the Plan's total net pension asset/(liability)	0.0212372%	0.175539%
Change in proportion since the prior Measurement date	-0.0006411%	0.0036330%

For the year ended June 30, 2017, the District recognized a pension expense of \$3,075,044 for TRS and \$1,182,910 for ERS. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<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	\$ 50,005		\$ 303,027	\$ 610,761
Changes of Assumptions	681,734	\$ 10,710,227		
Net difference between projected and actual earnings on pension plan investments	398,581	4,227,446		
Changes in proportion and differences between the District's contributions and proportionate share of contributions	133,000	14,913	26,362	232,498
District's contributions subsequent to the measurement date	<u>198,099</u>	<u>3,178,872</u>		
	<u>\$ 1,461,419</u>	<u>\$ 18,131,458</u>	<u>\$ 329,389</u>	<u>\$ 843,259</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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2017		\$ 1,272,833
2018	\$ 417,551	\$ 1,272,833
2019	\$ 417,551	\$ 4,555,984
2020	\$ 354,256	\$ 3,534,500
2021	\$ (255,427)	\$ 1,602,176
Thereafter	\$ -	\$ 1,871,001

**Actuarial Assumptions**

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.80%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.5%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.50%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:



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<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>April 1, 2016</u>		<u>June 30, 2015</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.55%	37%	6.1%
International equity	14%	6.35%	18%	7.3%
Private equity	10%	7.75%	7%	9.2%
Real estate	10%	5.80%	10%	5.4%
Absolute return strategies	2%	4.00%		
Opportunistic portfolio	3%	5.89%		
Real assets	3%	5.54%		
Bonds and mortgages	17%	1.31%		
Cash	1%	-0.25%		
Inflation-indexed bonds	4%	1.50%		
Domestic fixed income securities			17%	1.0%
Global fixed income securities			2%	0.8%
Mortgages			8%	3.1%
Short-term			1%	0.1%
	100%		100%	

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.50% 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**

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for ERS and 7.5% 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 (6.0% for

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ERS and 6.5% for TRS) or 1-percentagepoint higher (8.0% for ERS and 8.5% for TRS) than the current rate:

<u>ERS</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	(\$6,373,218)	(\$1,995,496)	\$1,705,860
<u>TRS</u>	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension asset (liability)	(\$24,530,133)	(\$1,880,097)	\$17,117,567

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2016	June 30, 2015
Employers' total pension liability	\$ (177,400,586)	\$ (108,577,184)
Plan Fiduciary Net Position	168,004,363	107,506,142
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,042)</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	94.70%	99.01%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$198,099.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's

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contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$3,305,253.

**NOTE 13 RETIREMENT PLANS- OTHER PLANS:**

**A) Tax Sheltered Annuities:**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2017, totaled \$338,838 and \$1,634,440 respectively.

**NOTE 14 – 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 2017, the District recognized an estimated general fund expenditure of \$2,771,200 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 No. 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:

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Annual required contribution	\$9,322,510
Interest on net OPEB obligation	1,206,758
Adjustment to Annual Required Contribution	(1,804,912)
Annual OPEB cost (expense)	<u>8,724,356</u>
Contributions made	<u>(2,771,200) *</u>
Increase in net OPEB obligation	5,953,156
Net OPEB obligation-beginning of year	<u>32,180,220</u>
Net OPEB obligation-end of year	<u><u>\$38,133,376</u></u>

\*Contributions made are estimated based on actuary report.

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, 2017 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$6,222,346	\$ 2,612,691	42%	\$28,483,218
6/30/16	\$6,414,890	\$ 2,717,888	42%	\$32,180,220
6/30/17	\$8,724,356	\$ 2,771,200	32%	\$38,133,376

**D) Funded Status and Funding Progress:**

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$101,514,020 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$101,514,020. The covered payroll (annual payroll of active employees covered by the plan) was \$29,521,049 and the ratio of the UAAL to the covered payroll was 344%.

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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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 3.75% and an annual healthcare cost trend rate of 10.00% initially, reduced by decrements to an ultimate rate of 5% after 7 years. The UAAL is being amortized as a level of percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2017 was thirty years.

**NOTE 15 – 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) Risk Retention:**

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. As of June 30, 2017 the District has recorded potential workers' compensation claims of \$1,197,738 and has a workers' compensation reserve balance of \$955,311 in the general fund.

	<u>2017</u>	<u>2016</u>
Unpaid claims at beginning of year	\$984,165	\$875,437
Incurred claims and claim adjustment expenses	227,885	130,411
Claims payments	(14,312)	(21,683)
Unpaid claims at year end	<u>\$1,197,738</u>	<u>\$984,165</u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**C) Public Entity Risk Pool:**

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.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES:**

**A) Encumbrances:**

All encumbrances are classified as assigned fund balance. At June 30, 2017, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General Support	\$78,344
Instruction	13,822
	\$92,166

**B) Grants:**

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

**C) Litigation:**

As of June 30, 2017, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

**D) Operating Leases:**

The District leases various types of equipment under non-cancelable operating leases. Rental expense for the fiscal year was approximately \$627,285. The following is a summary of obligations of government activities under operating lease payments:

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Fiscal Year Ending June 30,	Total
2018	\$863,722
2019	840,523
2020	784,523
2021	616,497
2022	328,478
Total Lease Payments	\$3,433,743

**NOTE 17 – TAX ABATEMENTS**

The County of Nassau, Town of Hempstead Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 905, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District’s property tax revenue was reduced by \$156,843 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$100,679 for these programs during the fiscal year.

The District also received PILOT from the County related to the Long Island Power Authority. These PILOT are not considered tax abatements as the purpose of this agreement was not to abate taxes.

**NOTE 18 – SUBSEQUENT EVENTS**

- A) On September 13, 2017, the District issued tax anticipation notes in the amount of \$5,000,000, maturing on June 21, 2018 with a net interest rate of 1.1083%.

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$41,803,856	\$42,065,115	\$42,093,324	\$28,209
Other real property tax items	8,148,848	7,887,589	7,925,743	38,154
Charges for services	1,779,250	1,779,250	1,532,998	(246,252)
Use of money & property	82,000	82,000	77,011	(4,989)
Miscellaneous	95,000	100,837	167,805	66,968
<b>State Sources</b>				
Basic formula	7,134,007	7,134,007	6,915,735	(218,272)
Excess cost aid	1,723,031	1,723,031	1,707,469	(15,562)
Lottery aid	2,149,710	2,149,710	2,189,003	39,293
BOCES aid	1,150,313	1,150,313	1,162,754	12,441
Textbook aid	159,411	159,411	148,887	(10,524)
Computer software aid	44,280	44,280	41,375	(2,905)
Computer hardware aid	30,167	30,167	30,146	(21)
Library A/V loan program aid	18,575	18,575	17,262	(1,313)
Other State Aid			30,000	30,000
<b>Federal Sources</b>				
Medicaid reimbursement	20,000	20,000	40,119	20,119
<b>TOTAL REVENUES</b>	<u>64,338,448</u>	<u>64,344,285</u>	<u>64,079,631</u>	<u>(264,654)</u>
<b>Other Financing Sources</b>				
Transfers from other funds	72,000	72,000	67,467	(4,533)
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>64,410,448</u>	<u>64,416,285</u>	<u>\$64,147,098</u>	<u>(\$269,187)</u>
Appropriated Fund Balance	650,000	650,000		
Appropriated Reserves	271,009	326,009		
<b>TOTAL REVENUES, OTHER SOURCES, APPROPRIATED FUND BALANCE &amp; RESERVES</b>	<u>\$65,331,457</u>	<u>\$65,392,294</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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$45,543	\$64,343	\$53,454		\$10,889
Central administration	290,361	292,786	291,662		1,124
Finance	633,856	664,969	629,916		35,053
Staff	275,083	268,904	185,941		82,963
Central services	3,546,508	3,673,171	3,388,642	\$78,344	206,185
Special items	702,132	703,342	682,590		20,752
Instructional					
Instruction, adm. & imp.	1,905,508	2,014,745	1,976,495	3,067	35,183
Teaching - regular school	20,190,717	20,316,873	19,964,185	6,250	346,438
Programs for children with handicapping conditions	9,548,019	9,360,223	8,699,635	3,641	656,947
Occupational education	1,072,891	981,976	896,385		85,591
Teaching special schools	104,166	114,017	112,668		1,349
Instructional media	2,550,601	2,656,429	2,655,852	577	-
Pupil services	3,275,339	3,235,782	3,046,588	287	188,907
Pupil Transportation	2,876,483	2,886,822	2,555,048		331,774
Community Services	18,960	18,960	15,674		3,286
Employee Benefits	15,777,933	15,617,194	14,298,083		1,319,111
Debt Service					
Debt service - principal					
Debt service - interest	40,000	40,000	39,929		71
<b>TOTAL EXPENDITURES</b>	<b>62,854,100</b>	<b>62,910,536</b>	<b>59,492,747</b>	<b>92,166</b>	<b>3,325,623</b>
Other Financing Uses					
Transfers to other funds	2,477,357	2,481,758	2,481,758		-
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$65,331,457</b>	<b>\$65,392,294</b>	<b>61,974,505</b>	<b>\$92,166</b>	<b>\$3,325,623</b>
Change In Fund Balances			2,172,593		
Fund Balances - Beginning of Year			12,503,290		
Fund Balances - End of Year			<u>\$14,675,883</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, 2017**

Valuation Date	Actuarial		Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of
	Value of Assets	Accrued Liability				Covered Payroll
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%
July 1, 2016	\$0	\$101,514,020	\$ 101,514,020	\$0	\$ 29,521,049	344%

**SEAFORD UNION FREE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) ASSET**  
**JUNE 30\***

<b>NYSERS Pension Plan</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability) asset	0.0212372%	0.0218783%	0.0222192%	0.0222192%
District's proportionate share of the net pension (liability) asset	\$ (1,995,496)	\$ (3,511,535)	\$ (750,620)	\$ (1,004,056)
District's covered payroll	\$ 5,479,693	\$ 5,291,510	\$ 5,200,321	\$ 5,221,306
District's proportionate share of the net pension (liability) asset as a percentage of its covered -employee payroll	36.42%	66.36%	14.43%	19.23%
Plan fiduciary net position as a percentage of the total pension (liability) asset	94.70%	90.70%	97.95%	97.20%
<b>NYSTRS Pension Plan</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability) asset	0.175539%	0.171906%	0.171205%	0.174501%
District's proportionate share of the net pension (liability) asset	\$ (1,880,097)	\$ 17,855,568	\$ 19,071,205	\$ 1,148,656
District's covered payroll	\$29,189,976	\$28,192,688	\$ 27,943,042	\$ 28,499,881
District's proportionate share of the net pension (liability) asset as a percentage of its covered -employee payroll	6.44%	63.33%	68.25%	4.03%
Plan fiduciary net position as a percentage of the total pension (liability) asset	99.01%	110.46%	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,**

<b>NYSERS Pension Plan</b>										
	<u>2017</u>	<u>2016</u>	<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	\$ 773,346	\$ 775,064	\$ 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>773,346</u>	<u>775,064</u>	<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	\$5,307,008	\$5,259,599	\$ 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	14.57%	14.74%	19.58%	20.60%	21.17%	15.69%	11.25%	7.87%	7.55%	9.05%
<b>NYSTRS Pension Plan</b>										
	<u>2017</u>	<u>2016</u>	<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	\$ 3,178,872	3,591,795	\$ 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>3,178,872</u>	<u>3,591,795</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$29,706,482	\$29,189,976	\$ 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	10.70%	12.30%	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, 2017**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$65,310,448
Add: Prior year's encumbrances		<u>21,009</u>
Original Budget		65,331,457
Budget revisions:		
Repair Reserve	\$55,000	
Donations	<u>5,837</u>	
		<u>60,837</u>
Final Budget		<u><u>\$65,392,294</u></u>

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

2017-18 voter approved expenditure budget		<u>\$66,689,370</u>
Maximum allowed (4% of the 2017-18 budget)		<u><u>\$2,667,574</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$742,166	
Unassigned fund balance	<u>7,633,761</u>	
Total unrestricted fund balance		\$8,375,927
Less:		
Appropriated fund balance	\$650,000	
Encumbrances included in assigned fund balance	92,166	
Unassigned - reserve for tax reduction	<u>4,966,187</u>	
Total adjustments		<u>5,708,353</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$2,667,574</u></u>
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, 2017**

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2017	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Capital Improvements - High School	\$13,373,419	\$13,644,031	\$13,370,841	\$36,000	\$13,406,841	\$237,190	\$12,195,298	\$64,365	\$1,141,178	\$13,400,841	(\$6,000)
High School - Surplus back to Debt Service Fund	-	237,191	237,191	-	237,191	-	237,191	-	-	237,191	-
Capital Improvements - Middle School	7,387,899	5,578,357	4,992,007	92,649	5,084,656	493,701	4,510,752	64,365	1,006,794	5,581,911	497,255
Capital Improvements - Manor School	1,779,831	1,880,232	1,849,345	20,115	1,869,460	10,772	1,406,599	416,431	57,202	1,880,232	10,772
Capital Improvements - Harbor School	2,903,625	2,756,785	2,208,533	221,796	2,430,329	326,457	1,600,161	322,000	834,624	2,756,785	326,456
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
<b>TOTAL</b>	<b>\$28,734,277</b>	<b>\$27,386,099</b>	<b>\$25,937,220</b>	<b>\$370,560</b>	<b>\$26,307,780</b>	<b>\$1,078,319</b>	<b>\$23,239,504</b>	<b>\$867,161</b>	<b>\$3,039,798</b>	<b>\$27,146,463</b>	<b>\$838,683</b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2017**

<b>Capital assets, net</b>		<b>\$23,913,863</b>
<b>Deduct:</b>		
Short-term portion of bonds payable	(\$845,000)	
Long-term portion of bonds payable	(15,810,000)	
Short-term portion of energy performance debt	(226,704)	
Long-term portion of energy performance debt	(1,557,902)	
Less: unspent energy performance debt	<u>10,200</u>	
		<u>(18,429,406)</u>
<b>Net investment in capital assets</b>		<u><u>\$5,484,457</u></u>



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

To the Board of Education  
Seaford Union Free School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Seaford Union Free School District as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Seaford Union Free School District's basic financial statements, and have issued our report thereon dated September 27, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Seaford Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 27, 2017