

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

SEAFORD UNION FREE SCHOOL DISTRICT

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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 15 and 58 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Seaford Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
October 1, 2020

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

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, 2020. 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, 2020 with an unassigned fund balance in its general fund of \$5,899,182. Of this amount, \$2,995,598 represents the unassigned fund balance-reserve for tax reduction and the remaining \$2,903,584 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 increased by 2.75% as a result of increased real property taxes, state sources and other tax items.
- On the District-Wide Financial Statements, expenditures increased by 3.55% primarily due to increases in instruction and general support.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.
- The District adopted a budget of \$73,005,631 for the fiscal ending June 30, 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

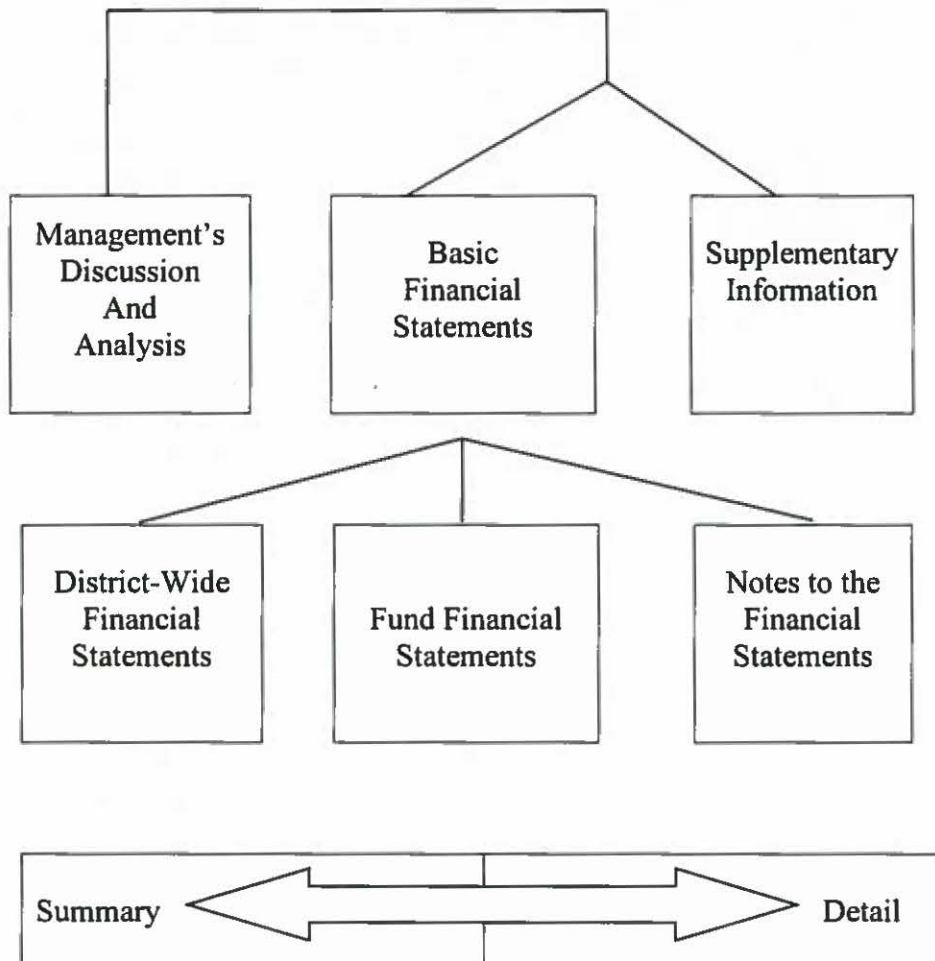
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

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

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of District.

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

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



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

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

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

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

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

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

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated 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, 2020**

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 deficit increased by \$442,026 in the fiscal year ended June 30, 2020, as detailed in Table A-3.

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

Table A-3: Condensed Statement of Net Position

	Fiscal Year 2020	Fiscal Year 2019*	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$26,485,019	\$23,202,296	\$3,282,723	14.15%
Capital assets, net	24,370,998	24,464,644	(93,646)	-0.38%
Net pension asset, proportionate share	4,374,535	3,105,973	1,268,562	40.84%
Total Assets	<u>55,230,552</u>	<u>50,772,913</u>	4,457,639	8.78%
Deferred outflows of resources	18,419,182	18,117,674	301,508	1.66%
Total assets and deferred outflows of resources	<u>73,649,734</u>	<u>68,890,587</u>	4,759,147	6.91%
Other liabilities	\$4,672,995	\$5,208,912	(\$535,917)	-10.29%
Long-term liabilities	136,483,036	140,844,314	(4,361,278)	-3.10%
Total Liabilities	<u>141,156,031</u>	<u>146,053,226</u>	(4,897,195)	-3.35%
Deferred inflows of resources	23,018,671	12,920,303	10,098,368	78.16%
Total liabilities and deferred inflows of resources	<u>164,174,702</u>	<u>158,973,529</u>	5,201,173	3.27%
Net Position				
Net investment in capital assets	9,205,606	8,133,578	1,072,028	13.18%
Restricted	14,349,236	10,838,600	3,510,636	32.39%
Unrestricted (deficit)	<u>(114,079,810)</u>	<u>(109,055,120)</u>	(5,024,690)	-4.61%
Total Net Position (deficit)	<u><u>(\$90,524,968)</u></u>	<u><u>(\$90,082,942)</u></u>	<u><u>(\$442,026)</u></u>	-0.49%

*Reclassifications have been made to the 2019 information to conform to the 2020 reporting. In addition, 2019 has been restated, see Note 19.

Current and other assets increased by \$3,282,723 or 14.15% due to an increase in restricted cash balances. Capital assets decreased by \$93,646 or .38% due to depreciation exceeding additions. The net pension asset - proportionate share increased by \$1,268,562 as a result of the actuarial valuation provided by the state. The changes in deferred outflows represent amortization of deferred charges on refunding and amortization of pension related items as well as amortization related to the total other post-employment benefits obligation. Other liabilities decreased by \$535,917 or 10.29% primarily due to a decrease in accrued liabilities, compensated absences, and amounts due to the teachers' retirement system offset by an increase in accounts payable. Long-term liabilities decreased by \$4,361,278 or 3.10% due to decreases in total other post-employment benefits obligation offset by an increase in net pension liability. The changes in deferred inflows represent amortization of pension related items as well as amortization related to total other post-employment benefits obligation.

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, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, deferred charges on refunding).

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

The restricted net position in the amount of \$14,349,236 consists of the District's reserves: employee benefit accrued liability, retirement contribution, capital, workers' compensation, and repair as well as the net position of the debt service fund. This amount increased \$3,510,636 or 32.39% from the prior year.

The unrestricted deficit in the amount of (\$114,079,810) 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 post-employment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB obligation. This deficit increased by \$5,024,690 or 4.61% from the prior year.

Overall, net position deficit increased by \$442,026.

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

B) Changes in Net Position:

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

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

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$1,711,290	\$1,949,683	(\$238,393)	-12.23%
Operating grants	905,811	1,036,190	(130,379)	-12.58%
Capital grants	420,410		420,410	N/A
General Revenues				
Real property taxes & other tax items	53,902,663	52,400,234	1,502,429	2.87%
State sources	13,372,684	13,164,503	208,181	1.58%
Use of money & property	260,296	218,391	41,905	19.19%
Other	377,926	282,901	95,025	33.59%
Total Revenues	70,951,080	69,051,902	1,899,178	2.75%
Expenses				
General support	\$8,697,870	\$7,649,680	\$1,048,190	13.70%
Instruction	59,438,324	57,072,669	2,365,655	4.14%
Pupil transportation	2,196,016	2,958,908	(762,892)	-25.78%
Community service	23,539	24,796	(1,257)	-5.07%
Debt service - interest	580,207	651,177	(70,970)	-10.90%
Food service program	457,150	590,131	(132,981)	-22.53%
Total Expenses	71,393,106	68,947,361	2,445,745	3.55%
Increase (Decrease) in Net Position	(\$442,026)	\$104,541	(\$546,567)	-522.83%

The District's fiscal year 2020 revenues totaled \$70,951,080. (See Table A-4). Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 75.97% and 18.85%, respectively of total revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, capital grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$71,393,106 for fiscal year 2020. These expenses are primarily related to instruction (including pupil services) and general support, which account for 95.44% of District expenses. (See Table A-6).

The users of the of the District's programs financed \$1,711,290 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of \$905,811, and

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

capital grants of \$420,410. Most of the District's net costs of \$68,355,595 were financed by District taxpayers, and state sources.

Table A-5: Revenues for Fiscal Year 2020 (See Table A-4)

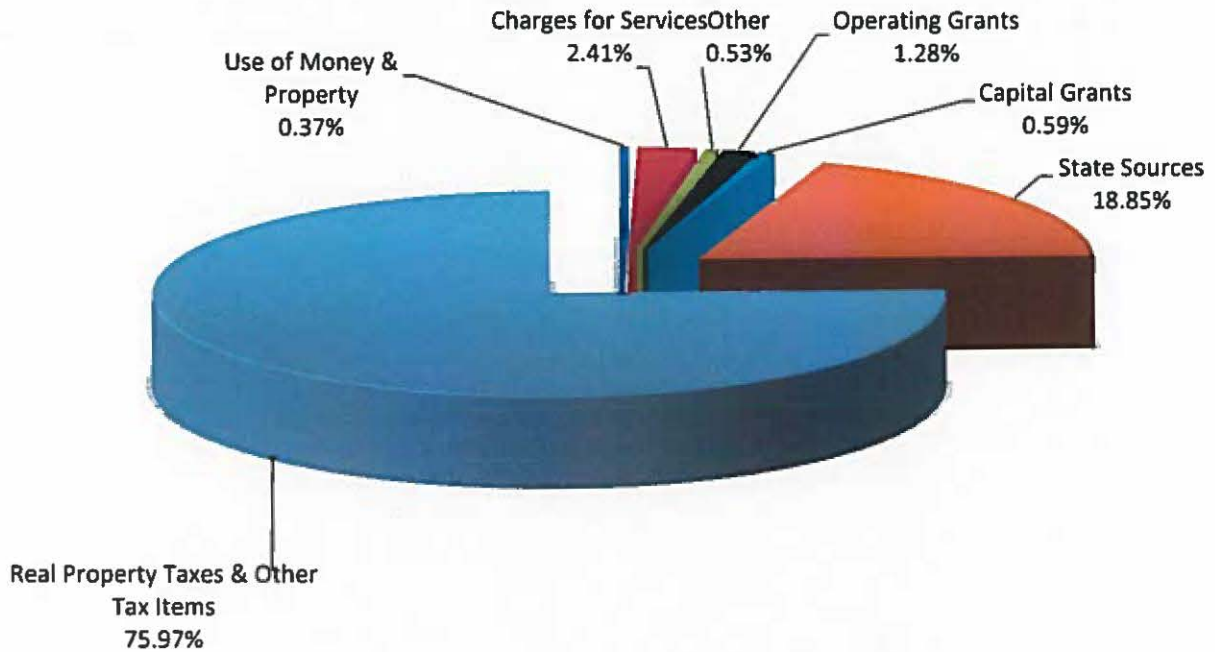
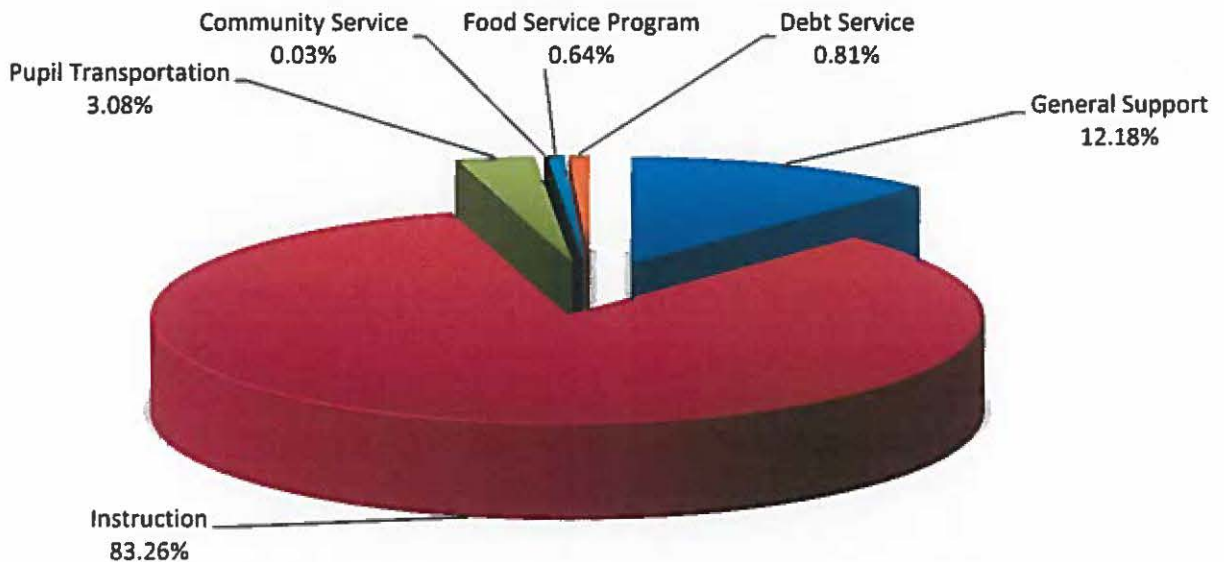


Table A-6: Expenses for Fiscal Year 2020 (See Tables A-4)



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

C) Governmental Activities:

Revenues for the District's combined governmental activities totaled \$70,951,080 while combined total expenses equaled \$71,393,106 resulting in a decrease in net position of \$442,026 for 2020. 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

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, 2020, the District's combined governmental funds reported a total fund balance of \$21,462,791 which is an increase of \$3,158,957 over the prior year.

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

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

	2020	2019*	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for employee benefit accrued liability	\$4,207,835	\$3,735,856	\$471,979	12.63%
Restricted for retirement contribution	3,321,702	2,305,782	1,015,920	44.06%
Restricted for capital	3,956,238	3,100,000	856,238	27.62%
Restricted for workers' compensation	1,523,962	1,196,920	327,042	27.32%
Restricted for repairs	535,513	95,096	440,417	463.13%
Assigned - designated for subsequent year's expenditures	650,000	650,000	-	0.00%
Assigned - general support	208,550	229,964	(21,414)	-9.31%
Assigned - instruction	77,907	17,393	60,514	347.92%
Unassigned- reserve for tax reduction	2,995,598	3,625,427	(629,829)	-17.37%
Unassigned-other	2,903,584	2,667,273	236,311	8.86%
Total Fund Balance- General Fund	\$20,380,889	\$17,623,711	\$2,757,178	15.64%
School Lunch Fund				
Nonspendable - inventory	\$14,020	\$8,504	\$5,516	64.86%
Assigned	119,831	163,643	(43,812)	-26.77%
Total Fund Balance- School Lunch Fund	\$133,851	\$172,147	(\$38,296)	-22.25%
Capital Projects Fund				
Restricted - Unspent proceeds	\$10,200	\$10,200	\$0	0.00%
Restricted - capital	398,601		398,601	N/A
Assigned	133,865	92,830	41,035	44.20%
Total Fund Balance - Capital Projects Fund	\$542,666	\$103,030	\$439,636	-426.71%
Debt Service Fund				
Restricted for debt service	\$405,385	\$404,946	\$439	0.11%
Total Fund Balance - Debt Service Fund	\$405,385	\$404,946	\$439	0.11%
Total Fund Balance - All Funds	\$21,462,791	\$18,303,834	\$3,158,957	17.26%

*As restated for 2019, see Note 19.

The District can attribute changes to fund balances and reserves primarily due to operating results, use of restricted fund balances to support appropriations, Board approved transfers, and allocation of interest and earnings.

A) General Fund

The net change in the general fund – fund balance is an increase of \$2,757,178 as a result of revenues and other financing sources of \$69,141,875 exceeding expenditures and other financing uses of \$66,384,697. Revenues and other financing sources increased \$1,554,997 or 2.30% compared to the prior year, due to the increases in real property taxes and other tax items, use of money and property, and miscellaneous offset by decreases in charges for services and state aid.

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

Expenditures and other uses increased \$682,365 or 1.04% compared to the prior year. This was primarily due to increases in general support and instruction offset by a decrease in pupil transportation, community services, employee benefits, and debt service interest.

B) School Lunch Fund

The net change in the school lunch fund – fund balance is a decrease of \$38,296. This decrease is due to a transfer to the general fund offset by an excess of revenues and the transfer from the general fund over expenditures.

C) Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$439,636. This increase was due to other financing sources exceeding expenditures. The capital projects fund received \$1,162,000 from the capital reserve, \$650,000 in general fund budgetary appropriation transfers and spent \$1,372,364 on capital projects.

D) Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$439. This is due to interest income.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2019-20 Budget:

The District's general fund budget for the year ended June 30, 2020 was \$70,656,949. This amount was increased by encumbrances carried forward from the prior year in the amount of \$247,357 and budget revisions of \$1,316,062 which resulted in a final budget of \$72,220,368. The majority of the funding was real property taxes and other real property tax items of \$53,814,505.

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:

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

Opening Unassigned Fund Balance- Other*	\$2,667,273
Revenues under Budget	(308,994)
Expenditures and Encumbrances Under Budget	5,549,214
Transfers to Reserves	(4,270,000)
Unused Appropriated reserves	(20,172)
Interest Allocated to Reserves	(63,737)
Appropriated for June 30, 2021 Budget	(650,000)
Closing, Unassigned Fund Balance- Other	<u>\$2,903,584</u>

*As restated, see Note 19.

The opening unassigned fund balance- other of \$2,667,273 is the June 30, 2019 unassigned fund balance- other, as restated.

The revenues under budget of \$308,994 was primarily related to state aid.

The expenditures and encumbrances under budget of \$5,549,214 were primarily in pupil transportation, pupil services, instructional regular school, programs for children with handicapping conditions, central services and employee benefits. (see Supplemental Schedule #1 for detail).

The transfers to reserves of \$4,270,000 consists of funding the employee benefit accrued liability reserve in the amount of \$450,000; funding the retirement contribution reserve in the amount of \$1,000,000; funding the capital reserve in the amount of \$2,000,000; funding the workers' compensation reserve in the amount of \$320,000; and funding the repair reserve in the amount of \$500,000.

The unused appropriated reserves of \$20,172 represents unused appropriated reserves from the tax reduction reserve.

Interest earnings of \$63,737 were allocated to the reserves.

The appropriated fund balance for June 30, 2021 budget of \$650,000 represents the amount the District has assigned to partially fund its 2020-21 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 2020-2021 budget.

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

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

The District paid for equipment and various building additions and renovations during the fiscal year 2020. A summary of the District's capital assets net of depreciation is as follows:

Category	Fiscal Year 2020	Fiscal Year 2019 *	Increase (Decrease)	% Change
Land	\$ 1,517,000	\$ 1,517,000	\$ -	0.00%
Construction in progress	1,372,364	714,038	658,326	92.20%
Buildings & building improvements	44,654,461	43,940,423	714,038	1.63%
Land improvements	3,702,223	3,702,223	-	0.00%
Furniture & equipment	6,176,053	5,637,660	538,393	9.55%
Vehicles	199,978	173,396	26,582	15.33%
Subtotal	<u>57,622,079</u>	<u>55,684,740</u>	<u>1,937,339</u>	3.48%
Less: Accumulated depreciated	<u>33,251,081</u>	<u>31,220,096</u>	<u>2,030,985</u>	6.51%
Total Net Capital Assets	<u>\$ 24,370,998</u>	<u>\$ 24,464,644</u>	<u>\$ (93,646)</u>	(0.38%)

*As restated, see Note 19.

The District spent \$1,372,364 in the capital projects fund and \$569,652 in the general fund on construction in progress and furniture and equipment and vehicles purchases during the year. Depreciation expense and loss on disposal was \$2,035,662.

B) Long-Term Debt:

At June 30, 2020, the District had total bonds payable of \$14,608,373 inclusive of unamortized premiums and energy performance debt payable of \$1,077,696. The decrease in outstanding serial bond debt represents principal payments, as well as the amortization of premium. The decrease in energy performance debt payable represents principal payments. A summary of outstanding debt at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Serial bonds payable	<u>\$14,608,373</u>	<u>\$15,577,980</u>	(\$969,607)
Energy performance debt payable	<u>1,077,696</u>	<u>1,322,379</u>	(244,683)
Total	<u>\$15,686,069</u>	<u>\$16,900,359</u>	(\$1,214,290)

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

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

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2020-2021 school year in the amount of \$73,005,631 was approved by the voters. This is an increase of \$2,348,682 or 3.32% over the previous year's budget. The tax cap discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19 may impact the District's future budgets.
- B) The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the District's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C) On October 1, 2020, the District issued tax anticipation notes in the amount of \$5,000,000 maturing on June 24, 2021, with a net interest rate of 1.25%.

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. Rhonda Meserole
Assistant Superintendent for Business and Operations
1600 Washington Avenue
Seaford, New York 11783
(516) 592-4004

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Current assets	
Cash	
Unrestricted	\$7,014,026
Restricted	14,359,436
Receivables	
State and federal aid	794,014
Due from other governments	2,379,780
Taxes receivable	1,907,363
Accounts receivable	16,380
Inventories	14,020
Non-current assets	
Capital assets	
Not being depreciated	2,889,364
Being depreciated, net of accumulated depreciation	21,481,634
Net pension asset-proportionate share- TRS	4,374,535
TOTAL ASSETS	<u>55,230,552</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	17,839,332
Deferred charges on refunding	510,477
Other post-employment benefits obligation	69,373
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>18,419,182</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$73,649,734</u>
LIABILITIES	
Payables	
Accounts payable	\$813,241
Accrued liabilities	474,626
Accrued interest payable	283,782
Due to other governments	55
Compensated absences payable	63,982
Due to teachers' retirement system	2,780,369
Due to employees' retirement system	224,113
Unearned credits	
Collections in advance	32,827
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premium)	954,607
Energy performance debt payable	254,202
Compensated absences payable	250,517
Claims payable	236,196
Due and payable after one year	
Bonds payable (inclusive of unamortized premium)	13,653,766
Energy performance debt payable	823,494
Compensated absences payable	4,869,224
Claims payable	1,540,434
Total other post-employment benefits obligation	108,467,904
Net pension liability - proportionate share- ERS	5,432,692
TOTAL LIABILITIES	<u>141,156,031</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	6,150,421
Other post-employment benefits obligation	16,868,250
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>23,018,671</u>
NET POSITION	
Net investment in capital assets	<u>9,205,606</u>
Restricted	
Employee benefit accrued liability	4,207,835
Retirement contribution	3,321,702
Capital	4,354,839
Workers' compensation	1,523,962
Repair	535,513
Debt service	405,385
	<u>14,349,236</u>
Unrestricted (Deficit)	<u>(114,079,810)</u>
TOTAL NET POSITION (DEFICIT)	<u>(\$90,524,968)</u>

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

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General support	(\$8,697,870)				(\$8,697,870)
Instruction	(59,438,324)	\$1,371,223	\$700,034	\$420,410	(56,946,657)
Pupil transportation	(2,196,016)		64,997		(2,131,019)
Community services	(23,539)				(23,539)
Debt service- interest	(580,207)				(580,207)
Food service program	(457,151)	340,067	140,780		23,696
TOTAL FUNCTIONS AND PROGRAMS	(\$71,393,106)	\$1,711,290	\$905,811	\$420,410	(68,355,595)
GENERAL REVENUES					
Real property taxes					47,159,132
Other tax items - including STAR reimbursement					6,743,531
Use of money & property					260,296
Miscellaneous					310,301
State sources					13,372,684
Medicaid reimbursement					67,625
TOTAL GENERAL REVENUES					67,913,569
CHANGE IN NET POSITION					(442,026)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 19)					(90,082,942)
TOTAL NET POSITION - END OF YEAR					(\$90,524,968)

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

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$5,024,206	\$2,094	\$174,473	\$633,693	\$1,179,560	\$7,014,026
Restricted	13,545,250			408,801	405,385	14,359,436
Receivables						
State and federal aid	272,756	520,376	882			794,014
Taxes receivable	1,907,363					1,907,363
Accounts receivable	16,380					16,380
Due from other governments	1,959,370			420,410		2,379,780
Due from other funds	2,663,184	271,786	48,229	159,005	238,423	3,380,627
Inventory			14,020			14,020
TOTAL ASSETS	\$25,388,509	\$794,256	\$237,604	\$1,621,909	\$1,823,368	\$29,865,646
LIABILITIES						
Payables						
Accounts payable	\$772,905	\$39,378	\$958			\$813,241
Accrued liabilities	474,626					474,626
Due to other governments			55			55
Due to other funds	479,020	752,894	71,897	\$658,833	\$1,417,983	3,380,627
Due to teachers' retirement system	2,780,369					2,780,369
Due to employees' retirement system	224,113					224,113
Compensated absences	63,982					63,982
Unearned credits						
Collections in advance		1,984	30,843			32,827
TOTAL LIABILITIES	4,795,015	794,256	103,753	658,833	1,417,983	7,769,840
DEFERRED INFLOWS OF RESOURCES						
State Aid	212,605			420,410		633,015
TOTAL DEFERRED INFLOWS OF RESOURCES	212,605	-	-	420,410	-	633,015
FUND BALANCES						
Nonspendable: Inventory			14,020			\$14,020
Restricted						
Employee benefit accrued liability	4,207,835					4,207,835
Retirement contribution						
Employees' retirement system	2,419,349					2,419,349
Teachers' retirement system	902,353					902,353
Capital	3,956,238			398,601		4,354,839
Workers' compensation	1,523,962					1,523,962
Repair	535,513					535,513
Debt service					\$405,385	405,385
Unspent energy performance proceeds				10,200		10,200
Assigned						
Appropriated fund balance	650,000					650,000
Unappropriated fund balance	286,457		119,831	133,865		540,153
Unassigned:						
Reserve for tax reduction	2,995,598					2,995,598
Other	2,903,584					2,903,584
TOTAL FUND BALANCES	20,380,889	-	133,851	542,666	405,385	21,462,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$25,388,509	\$794,256	\$237,604	\$1,621,909	\$1,823,368	\$29,865,646

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

Total Governmental Fund Balances \$21,462,791

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	\$57,622,079	
Accumulated depreciation	<u>(33,251,081)</u>	24,370,998

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset- proportionate share at year-end for TRS was: 4,374,535

Deferred inflows of resources - state aid - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenues under the modified accrual method. 633,015

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. These amounts will be amortized in future years.

Deferred inflows related to pensions		(6,150,421)
Deferred inflows related to total OPEB liability		<u>(16,868,250)</u>

Deferred amounts on refunding- The Statement of Net Position will amortize the deferred charges over the life of the bond. Governmental funds record the deferred charges as an expenditure. 510,477

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

Deferred outflows related to pensions		17,839,332
Deferred outflows related to total OPEB liability		69,373

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		(283,782)
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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 (inclusive of unamortized premium)	(\$14,608,373)	
Energy performance debt payable	(1,077,696)	
Compensated absences payable	(5,119,741)	
Claims payable	(1,776,630)	
Total other post-employment benefits obligation	(108,467,904)	
Net pension liability - proportionate share- ERS	<u>(5,432,692)</u>	
		<u>(136,483,036)</u>

Total Net Position (\$90,524,968)

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	\$47,159,132					\$47,159,132
Other tax items - including STAR reimbursement	6,743,531					6,743,531
Charges for services	1,371,223					1,371,223
Use of money and property	259,858				\$438	260,296
Miscellaneous	281,701					281,701
State sources	13,160,079	\$192,904	\$6,272			13,359,255
Federal sources	67,625	572,127	91,547			731,299
Surplus food			42,961			42,961
Sales - school lunch			340,067			340,067
TOTAL REVENUES	69,043,149	765,031	480,847	-	438	70,289,465
EXPENDITURES						
General support	5,876,798					5,876,798
Instruction	39,902,081	741,903				40,643,984
Pupil transportation	2,058,431	64,997				2,123,428
Community service	15,112					15,112
Employee benefits	14,897,723					14,897,723
Debt service- principal					1,139,684	1,139,684
Debt service - interest	80,556				552,309	632,865
Cost of sales			457,151			457,151
Capital outlay				\$1,372,364		1,372,364
TOTAL EXPENDITURES	62,830,700	806,900	457,151	1,372,364	1,691,993	67,159,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,212,449	(41,869)	23,696	(1,372,364)	(1,691,555)	3,130,357
OTHER FINANCING SOURCES AND (USES)						
Premium on obligations	28,600					28,600
Operating transfers in	70,126	41,869	8,134	1,812,000	1,691,994	3,624,123
Operating transfers (out)	(3,553,997)		(70,126)			(3,624,123)
TOTAL OTHER FINANCING SOURCES AND (USES)	(3,455,271)	41,869	(61,992)	1,812,000	1,691,994	28,600.00
NET CHANGE IN FUND BALANCES	2,757,178	-	(38,296)	439,636	439	3,158,957
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 19)	17,623,711	-	172,147	103,030	404,946	18,303,834
FUND BALANCES - END OF YEAR	\$20,380,889	\$ -	\$133,851	\$542,666	\$405,385	\$21,462,791

**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, 2020**

Net Change in Fund Balances		\$3,158,957
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, 2020 changed by		(244,003)
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, 2020 is		633,015
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, 2020 changed by		(86,504)
Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	(\$2,855,425)	
Employees' retirement system	(1,017,541)	
Other post-employment benefits	<u>(1,129,221)</u>	(5,002,187)
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	\$1,942,016	
Depreciation expense and loss on disposal	<u>(2,035,662)</u>	(93,646)
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.		895,000
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.		244,684
Governmental funds may report the premiums, discounts, and similar items on refunded bonds as expenditures. These amounts are deferred and amortized in the Statement of Activities.		25,990
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, 2019 to June 30, 2020 changed by		<u>26,668</u>
Change in Net Position		<u><u>(\$442,026)</u></u>

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

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash- Restricted	\$45,561	\$273,458
TOTAL ASSETS	<u>\$45,561</u>	<u>\$273,458</u>
LIABILITIES		
Extraclassroom		\$99,529
Other liabilities		173,929
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$273,458</u>
NET POSITION		
Restricted for scholarships	45,561	
TOTAL NET POSITION	<u>45,561</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$45,561</u>	

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

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Gifts and contributions	\$26,972
Interest and earnings	<u>44</u>
TOTAL ADDITIONS	<u>27,015</u>
DEDUCTIONS	
Scholarships and awards	<u>30,735</u>
TOTAL DEDUCTIONS	<u>30,735</u>
CHANGE IN NET POSITION	(3,720)
NET POSITION - BEGINNING OF YEAR	<u>49,281</u>
NET POSITION - END OF YEAR	<u><u>\$45,561</u></u>

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

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 District’s business office. The District reports these assets held by its agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position –

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

Fiduciary Fund. Separate financial statements of the Extraclassroom Activity Funds can be found at the District's business office.

a) 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 or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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 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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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, claims payable, 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.

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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.

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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, 2020.

L) Capital assets:

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

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

	<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 grants in the special aid fund and for meals that have not yet been purchased in the school lunch fund.

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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 three items that qualify for reporting in this category. The first is the unamortized amount of deferred charges from the refunding of bonds that is being amortized as a component of interest expense on a straight line basis over the remaining life of the debt. The other items are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12, 13 and 15.

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. These items are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15.

The deferred inflows of resources on the governmental funds balance sheet is unavailable revenues, which is reported when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid and BOCES aid allocations. In subsequent periods, when the availability criterion is met, the liability for deferred revenues is removed and revenues are recorded. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

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.

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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. 75.

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.

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R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences, claims payable, 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 in one year or due within more than one year in the Statement of Net Position.

S) Equity classifications:

i) District-Wide Financial Statements:

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred charges).

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

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

ii) Fund Financial Statements:

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

(1) **Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$14,020.

(2) **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or

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

Capital

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

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

Workers' Compensation Reserve

Workers' compensation reserve (GML§6-m), must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year,

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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, 2020.

- (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

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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 annual 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) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are

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financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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 three broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

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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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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

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

B) Encumbrances:

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

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NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement 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.

Restricted Cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2020 included \$14,359,436 within the governmental funds for general reserve purposes, debt service, and capital projects and \$319,019 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 fiscal year ended June 30, 2020, the District was billed \$5,440,150 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,555,626. Financial statements for

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the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

NOTE 6 –STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2020 consisted of:

General Fund	
Excess cost aid	<u>\$ 272,756</u>
Special Aid Fund	
Federal aid	446,475
State aid	<u>73,901</u>
Total	<u>520,376</u>
School Lunch Fund	
Federal aid	856
State aid	<u>26</u>
Total	<u>882</u>
Total - All funds	<u><u>\$ 794,014</u></u>

The general fund state aid receivables include \$54,551 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

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, 2020 consisted of the following:

Tuition and health services - other Districts	\$ 665,422
BOCES aid	<u>1,293,948</u>
Total	<u><u>\$1,959,370</u></u>

The general fund due from other governments for BOCES aid include \$158,054 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

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

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

	Beginning Balance as, Restated	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,517,000			\$1,517,000
Construction in progress	714,038	\$1,372,364	(\$714,038)	1,372,364
Total capital assets not being depreciated	2,231,038	1,372,364	(714,038)	2,889,364
Capital assets being depreciated:				
Building & building improvements	43,940,423		714,038	44,654,461
Land improvements	3,702,223			3,702,223
Furniture and equipment	5,637,660	543,070	(4,677)	6,176,053
Vehicles	173,396	26,582		199,978
Total capital assets being depreciated	53,453,702	569,652	709,361	54,732,715
Less accumulated depreciation:				
Building & building improvements	25,877,957	1,320,060		27,198,017
Land improvements	1,978,589	139,998		2,118,587
Furniture and equipment	3,255,373	552,970	(4,565)	3,803,778
Vehicles	108,177	22,522		130,699
Total accumulated depreciation	31,220,096	2,035,550	(4,565)	33,251,081
Total capital assets being depreciated, net	22,233,606	(1,465,898)	713,926	21,481,634
Capital assets, net	\$24,464,644	(\$93,534)	(\$112)	\$24,370,998

*As restated, see Note 19.

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

General support	\$ 1,505,627
Instruction	530,035
Total depreciation expense	\$ 2,035,662

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

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$2,663,184	\$479,020	\$70,126	\$3,553,997
Special aid fund	271,786	752,894	41,869	
School lunch fund	48,229	71,897	8,134	70,126
Capital projects fund	159,005	658,833	1,812,000	
Debt service fund	238,423	1,417,983	1,691,994	
Totals	<u>\$3,380,627</u>	<u>\$3,380,627</u>	<u>\$3,624,123</u>	<u>\$3,624,123</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 transferred from the general fund to the school lunch fund to cover negative balances on students who owe money to the District for meals. 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 transfers from the general fund to the debt service fund for annual debt service obligations.

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	6/26/2020	2.000%	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

Interest expense on short-term debt for the year was \$80,556.

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

**SEAFORD UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$14,720,000		(\$895,000)	\$13,825,000	\$880,000
Add: premium on obligation	857,980		(74,607)	783,373	74,607
Total bonds payable	<u>15,577,980</u>	<u>-</u>	<u>(969,607)</u>	<u>14,608,373</u>	<u>954,607</u>
Other long-term liabilities:					
Energy performance debt payable	1,322,380		(244,684)	1,077,696	254,202
Compensated absences payable	4,875,738	633,185	(389,182)	5,119,741	250,517
Claims payable	1,690,126	105,627	(19,123)	1,776,630	236,196
Total other post-employment benefits obligation	115,893,688	7,952,573	(15,378,357)	108,467,904	
Net pension liability - proportionate share	1,484,402	4,840,395	(892,105)	5,432,692	
Total other long-term liabilities	<u>125,266,334</u>	<u>13,531,780</u>	<u>(16,923,451)</u>	<u>121,874,663</u>	<u>740,915</u>
Total long-term liabilities	<u>\$140,844,314</u>	<u>\$13,531,780</u>	<u>(\$17,893,058)</u>	<u>\$136,483,036</u>	<u>\$1,695,522</u>

*Reclassifications have been made to the 2019 information to conform to the 2020 reporting.

The general fund has typically been used to liquidate long-term liabilities such as compensated absences, claims payable, total 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 - Refunded	10/4/2017	7/1/2035	2.00 -5.00%	\$ 10,755,000
Serial Bonds	7/10/2014	7/1/2034	3.13%	3,070,000
				<u>\$ 13,825,000</u>

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

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Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 880,000	\$ 463,319	\$ 1,343,319
2022	920,000	421,569	1,341,569
2023	955,000	378,044	1,333,044
2024	990,000	332,869	1,322,869
2025	1,035,000	285,794	1,320,794
2026-2030	5,775,000	843,431	6,618,431
2031-2035	3,270,000	161,034	3,431,034
	<u>\$13,825,000</u>	<u>\$2,886,060</u>	<u>\$16,711,060</u>

Upon default of the payment of principal or interest on the serial bond holders of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

B) Energy Performance 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>\$1,077,696</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 254,202	\$ 41,922	\$ 296,124
2022	264,091	32,034	296,125
2023	274,364	21,761	296,125
2024	285,039	11,088	296,127
	<u>\$1,077,696</u>	<u>\$106,805</u>	<u>\$1,184,501</u>

C) Long-Term Interest

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

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	Total
Interest paid	\$552,309
Less interest accrued in the prior year	(310,450)
Plus interest accrued in the current year	283,782
Less amortization of premium	(74,607)
Plus amortization of deferred amounts on refunding	48,617
Total expense	\$499,651

D) Bond Premium

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to \$783,373 at June 30, 2020. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

NOTE 12 – DEFERRED OUTFLOWS OF RESOURCES – DEFERRED CHARGES

The deferred charges pertaining to the 2011 bond refunded in 2017, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2020 consisted of the following:

	2011 Bond
Deferred charges	\$632,019
Accumulated amortization	(121,542)
Balance of Deferred charges	\$510,477

The deferred charges on the advanced refunding is being amortized on the District-Wide Financial Statements using the straight-line method over 13 years for the 2011 bond, the time to maturity of the refunded bonds, at the point of refunding, and is recorded as a component of interest expense.

NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

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

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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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report 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 TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/above_us/financial_statements_index.php.

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.

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2020 for covered payroll was 16.2% for Tiers 3 &4, 13.5% for Tier 5, and 9.7% for Tier 6.

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2020	\$2,583,639	\$775,951
2019	\$2,984,797	\$829,997
2018	\$2,741,910	\$837,252

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation with update procedures used to roll forward the total pension liability. 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.

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	\$ (5,432,692)	\$ 4,374,535
District's portion of the Plan's total net pension asset/(liability)	0.0205158%	0.168380%
Change in proportion since the prior Measurement date	0.0004346	(0.0033860)

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$1,902,839 for ERS, and \$5,442,424 for TRS. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>		<u>Deferred Inflow of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 319,736	\$ 2,964,510	\$ -	\$ 325,299
Changes of assumptions	109,389	8,264,081	94,455	2,015,017
Net difference between projected and actual earnings on pension plan investments	2,785,062	-	-	3,508,151
Changes in proportion and differences between the District's contributions and proportionate share of contributions	191,207	397,595	55,484	152,015
District's contributions subsequent to the measurement date	224,113	2,583,639	-	-
	<u>\$ 3,629,507</u>	<u>\$ 14,209,825</u>	<u>\$ 149,939</u>	<u>\$ 6,000,482</u>

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

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<u>Plan Year ended:</u>	<u>TRS</u>	<u>ERS</u>
2020	\$2,011,661	\$ -
2021	158,138	580,391
2022	2,004,487	826,714
2023	1,371,070	1,026,190
2024	186,887	822,160
Thereafter	(106,539)	-
	<u>\$5,625,704</u>	<u>\$3,255,455</u>

Actuarial Assumptions

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

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

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-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis.

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

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

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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:

<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>April 1, 2019</u>		<u>June 30, 2018</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	36.0%	4.05%	33.0%	6.30%
International equity	14.0%	6.15%	16.0%	7.80%
Global equity			4.0%	7.20%
Private equity	10.0%	6.75%	8.0%	9.90%
Real estate	10.0%	4.95%	11.0%	4.60%
Absolute return strategies	2.0%	3.25%		
Opportunistic portfolio	3.0%	4.65%		
Real assets	3.0%	5.95%		
Bonds and mortgages	17.0%	0.75%		
Cash	1.0%	0.00%		
Inflation-indexed bonds	4.0%	0.50%		
Domestic fixed income securities			16.0%	1.30%
Global fixed income securities			2.0%	0.90%
High-yield fixed income securities			1.0%	3.60%
Private debt			1.0%	6.50%
Mortgages - Real Estate Debt			7.0%	2.90%
Short-term			1.0%	0.30%
	<u>100.0%</u>		<u>100.0%</u>	

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

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions

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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 6.8% for ERS and 7.10% 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-percentagepoint lower (5.8% for ERS and 6.10% for TRS) or 1-percentagepoint higher (7.8% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension asset (liability)	(\$9,970,524)	(\$5,432,692)	(\$1,253,330)
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset (liability)	(\$19,746,192)	\$4,374,535	\$24,609,102

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$224,113.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$2,780,369.

NOTE 14 - PENSION 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 fiscal year ended June 30, 2020, totaled \$389,182 and \$1,979,775 respectively.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

B) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 74% and 82% of premiums for retirees, 74% and 82% of premiums for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2020, the District contributed an estimated \$3,381,103 to the Plan, including \$3,381,103 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	379
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>235</u>
Total	<u>614</u>

C) Total OPEB Liability:

The District's total OPEB liability of \$108,467,904 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	2.60%
Discount rate	2.21%
Healthcare cost trend rates	6.60% for 2019, decreasing .5% per year to an ultimate rate of 4.10% in 2024, and over 56 years.
Retirees' share of benefit-related costs	18-26% for individuals, 18-26% for family and 100% for surviving spouses.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table and updated to reflect mortality improvement Scale MP-Ultimate from Scale MP-2017.

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

D) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/19	<u>\$ 115,893,688</u>
Changes for the fiscal year:	
Service cost	3,821,212
Interest	4,131,361
Effect of plan changes	(62,921)
Effect of demographic gains or losses	(2,527,562)
Changes in assumptions or other inputs	(9,406,771)
Benefit payments	<u>(3,381,103)</u>
Net changes	<u>(7,425,784)</u>
Balance at 6/30/20	<u><u>\$ 108,467,904</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2019 to 2.21% percent in 2020 and a change in healthcare cost trend rates from 7.5% in 2019 to 6.6% in 2020.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$127,584,949	\$108,467,904	\$93,241,128

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.6%) or 1-percentage-point higher (7.6%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$93,545,729	\$108,467,904	\$128,007,284

E) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2020, the District recognized OPEB expense (credit) of \$4,510,324. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 69,373	\$ (2,113,208)
Changes of assumptions or other inputs	-	(14,755,042)
	\$ 69,373	\$ (16,868,250)

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

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

Fiscal Year ended June 30:	
2021	(\$3,379,328)
2022	(3,379,328)
2023	(3,379,328)
2024	(3,379,328)
2025	(3,092,228)
Thereafter	(189,337)
	\$ (16,798,877)

NOTE 16 – 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, 2020, the District has recorded potential workers' compensation claims of \$1,776,630 and has a workers' compensation reserve balance of \$1,523,962 in the general fund.

	2020	2019
Unpaid claims at beginning of year	\$1,690,126	\$1,504,737
Incurred claims and claim adjustment expenses	105,627	203,801
Claims payments	(19,123)	(18,412)
Unpaid claims at year end	\$1,776,630	\$1,690,126

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.

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

NOTE 17 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

Assigned: Unappropriated Fund Balance

General fund

General support	\$208,550
Instruction	77,907
	\$286,457

Restricted and Assigned Fund Balance:

Capital projects fund

Capital projects	\$819,585
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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, 2020, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which requires disclosure.

D) Operating Leases:

The District leases various types of equipment under non-cancelable operating leases. Rental expense for the fiscal year was \$1,147,480. The following is a summary of obligations of government activities under operating lease payments:

Fiscal Year Ending June 30,	Total
2021	\$ 1,223,354
2022	926,173
2023	588,919
2024	397,430
2025	229,964
Total Lease Payments	\$3,365,840

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

NOTE 18 – TAX ABATEMENTS:

The District 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 19 – RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net Position and fund balance have been restated as of June 30, 2019 to give effect as follows:

	<u>Net Position</u>	<u>General Fund Fund Fund Balance</u>	<u>Capital Projects Fund Fund Balance</u>
Beginning of year balances, as previously stated	(\$89,559,411)	\$17,782,716	(\$55,975)
Transfer that was not recorded to capital projects fund		(159,005)	159,005
Adjustment to opening capital assets, net of depreciation	<u>(523,531)</u>		
Beginning of year balances, as restated	<u>(\$90,082,942)</u>	<u>\$17,623,711</u>	<u>\$103,030</u>

Fund balance in the general fund and capital projects fund were restated to reflect a transfer to the capital projects fund that was not included in the prior year in the amount of \$159,005. This transfer has a zero net effect on the total governmental fund balance.

Certain assets were recorded as additions in 2019, however, due to a timing issue the assets were acquired in 2020 and should have been recorded in 2020. Therefore, the opening balance was adjusted.

NOTE 20 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 1, 2020 which is the date the financial statements were available to be issued. The following significant events were identified:

On October 1, 2020, the District issued tax anticipation notes in the amount of \$5,000,000 maturing on June 24, 2021 with a net interest rate of 1.25%.

On March 11, 2020 the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic, due to the rapid increase in global exposure. The full impact of this pandemic is still evolving as of the date of this report; however, COVID-19 has interrupted District operations and financial performance. The future performance both operationally and financially will depend upon the duration and spread of the disease, the effect on students, employees, residents, and vendors, as well as federal and state funding, all of which are uncertain and cannot be estimated at this time.

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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$47,096,652	\$47,096,652	\$47,159,132	\$62,480
Other real property tax items	6,717,853	6,717,853	6,743,531	25,678
Charges for services	1,450,000	1,450,000	1,371,223	(78,777)
Use of money & property	105,000	105,000	259,858	154,858
Miscellaneous	187,500	281,420	281,701	281
State Sources				
Basic formula	7,632,284	7,632,284	7,215,890	(416,394)
Excess cost aid	1,785,503	1,785,503	1,730,952	(54,551)
Lottery aid	2,323,897	2,323,897	2,375,243	51,346
BOCES aid	1,713,680	1,713,680	1,555,626	(158,054)
Textbook aid	145,800	145,800	145,800	-
Computer software aid	39,634	39,634	39,922	288
Computer hardware aid	29,990	29,990	29,990	-
Library A/V loan program aid	16,656	16,656	16,656	-
Other state aid			50,000	50,000
Federal Sources				
Medicaid reimbursement	40,000	40,000	67,625	27,625
TOTAL REVENUES	<u>69,284,449</u>	<u>69,378,369</u>	<u>69,043,149</u>	<u>(335,220)</u>
Other Financing Sources				
Premium on obligations			28,600	28,600
Transfers from other funds	72,500	72,500	70,126	(2,374)
TOTAL REVENUES AND OTHER SOURCES	<u>69,356,949</u>	<u>69,450,869</u>	<u>\$69,141,875</u>	<u>(\$308,994)</u>
Appropriated Fund Balance	650,000	650,000		
Appropriated Reserves	<u>897,357</u>	<u>2,119,499</u>		
TOTAL REVENUES, OTHER SOURCES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$70,904,306</u>	<u>\$72,220,368</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, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$47,589	\$47,589	\$35,854		\$11,735
Central administration	296,701	315,701	306,988		8,713
Finance	736,469	749,890	698,662		51,228
Staff	240,872	248,476	234,450		14,026
Central services	4,255,697	4,535,663	3,929,852	\$208,550	397,261
Special items	683,242	681,242	670,992		10,250
Total General Support	6,260,570	6,578,561	5,876,798	208,550	493,213
Instructional					
Instruction, adm. & imp.	2,170,100	2,324,836	2,291,224		33,612
Teaching - regular school	21,039,325	21,376,319	20,964,982	27,766	383,571
Programs for children with handicapping conditions	10,229,837	9,698,100	8,730,267	12,700	955,133
Occupational education	1,142,406	1,103,819	962,472		141,347
Teaching special schools	128,983	164,490	134,836		29,655
Instructional media	3,675,527	3,760,390	3,635,901	21,047	103,443
Pupil services	3,314,891	3,430,279	3,182,399	16,395	231,485
Total Instruction	41,701,069	41,858,233	39,902,081	77,907	1,878,245
Pupil Transportation	3,098,127	3,088,717	2,058,431		1,030,286
Community Services	22,066	22,066	15,112		6,954
Employee Benefits	17,351,130	17,001,916	14,897,723		2,104,193
Debt Service					
Debt service - interest	43,025	80,556	80,556		0
TOTAL EXPENDITURES	68,475,987	68,630,049	62,830,700	286,457	5,512,892
Other Financing Uses					
Transfers to other funds	2,428,319	3,590,319	3,553,997		36,322
TOTAL EXPENDITURES AND OTHER USES	\$70,904,306	\$72,220,368	\$66,384,697	\$286,457	\$5,549,214
Change In Fund Balances			2,757,178		
Fund Balances - Beginning of Year, as restated (see Note 19)			17,623,711		
Fund Balances - End of Year			\$20,380,889		

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 CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 3,821,212	\$ 4,430,376	\$ 4,301,336
Interest	4,131,361	3,711,352	3,572,336
Effect of plan changes	(62,921)	-	-
Effect of demographic gains or losses	(2,527,562)	-	107,212
Changes of assumptions or other inputs	(9,406,771)	(9,761,351)	-
Benefit payments	<u>(3,381,103)</u>	<u>(3,510,180)</u>	<u>(3,442,385)</u>
Net change in total OPEB liability	(7,425,784)	(5,129,803)	4,538,499
Total OPEB liability - beginning	<u>115,893,688</u>	<u>121,023,491</u>	<u>116,484,992</u>
Total OPEB liability - ending	<u>\$ 108,467,904</u>	<u>\$ 115,893,688</u>	<u>\$ 121,023,491</u>
Covered-employee payroll	\$ 23,414,682	\$ 31,796,479	\$ 31,796,479
Total OPEB liability as a percentage of covered-employee payroll	463.25%	364.49%	380.62%

Notes to Schedule:*Trust Assets*

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

Change of Assumptions

The discount rate was 3.0% as of June 30, 2018.

The discount rate was 3.5% as of June 30, 2019.

The discount rate was 2.21% as of June 30, 2020.

Changes of assumptions and other inputs reflect a change in healthcare cost trend rates from 7.75% in 2019 to 6.6% in 2020.

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

<u>NYSERS Pension Plan</u>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability) asset	0.0205158%	0.0209504%	0.0218275%	0.0212372%	0.0218783%	0.0222192%	0.0222192%
District's proportionate share of the net pension (liability) asset	\$(5,432,692)	\$(1,484,402)	\$ (704,471)	\$ (1,995,496)	\$ (3,511,535)	\$ (750,620)	\$ (1,004,056)
District's covered payroll	\$ 5,721,381	\$ 5,444,243	\$ 5,459,752	\$ 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 payroll	94.95%	27.27%	12.90%	36.42%	66.36%	14.43%	19.23%
Plan fiduciary net position as a percentage of the total pension (liability) asset	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%
<u>NYSTRS Pension Plan</u>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability) asset	0.168380%	0.171766%	0.171162%	0.175539%	0.171906%	0.171205%	0.174501%
District's proportionate share of the net pension (liability) asset	\$ 4,374,535	\$ 3,105,973	\$ 1,300,999	\$ (1,880,097)	\$ 17,855,568	\$ 19,071,205	\$ 1,148,656
District's covered payroll	\$29,696,638	\$29,529,139	\$29,706,482	\$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 payroll	14.73%	10.52%	4.38%	6.44%	63.33%	68.25%	4.03%
Plan fiduciary net position as a percentage of the total pension (liability) asset	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

^aThe 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 LAST TEN FISCAL YEARS**

NYSERS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 775,951	\$ 829,997	\$ 837,252	\$ 773,346	\$ 775,064	\$ 1,058,737	\$ 1,066,333	\$ 1,114,250	\$ 798,408	\$ 570,880
Contributions in relation to the contractually required contribution	775,951	829,997	837,252	773,346	775,064	1,058,737	1,066,333	1,114,250	798,408	570,880
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$5,664,240	\$5,671,824	\$5,560,091	\$5,671,824	\$5,259,599	\$ 5,406,744	\$ 5,176,465	\$ 5,262,439	\$ 5,088,036	\$ 5,072,437
Contributions as a percentage of covered payroll	13.70%	14.63%	15.06%	13.63%	14.74%	19.58%	20.60%	21.17%	15.69%	11.25%
NYSTRS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,583,639	\$ 2,984,797	\$ 2,741,910	\$ 3,178,872	\$ 3,591,795	\$ 4,526,707	\$ 4,109,575	\$ 3,026,370	\$ 2,759,844	\$ 2,170,205
Contributions in relation to the contractually required contribution	2,583,639	2,984,797	2,741,910	3,178,872	3,591,795	4,526,707	4,109,575	3,026,370	2,759,844	2,170,205
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$30,804,102	\$29,696,638	\$29,529,139	\$29,706,482	\$29,189,976	\$ 28,192,688	\$ 27,943,042	\$ 28,499,881	\$ 26,552,548	\$ 27,155,376
Contributions as a percentage of covered payroll	8.39%	10.05%	9.29%	10.70%	12.30%	16.06%	14.71%	10.62%	10.39%	7.99%

**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, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$70,656,949
Add: Prior year's encumbrances		<u>247,357</u>
Original Budget		70,904,306
Budget revisions:		
Capital reserve	\$1,162,000	
Repair reserve	60,142	
Donations	<u>93,920</u>	
		<u>1,316,062</u>
Final Budget		<u><u>\$72,220,368</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter approved expenditure budget		<u>\$73,005,631</u>
Maximum allowed (4% of the 2020-21 budget)		<u>\$2,920,225</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$936,457	
Unassigned fund balance	<u>5,899,182</u>	
Total unrestricted fund balance		\$6,835,639
Less:		
Appropriated fund balance	\$650,000	
Encumbrances included in assigned fund balance	286,457	
Unassigned - reserve for tax reduction	<u>2,995,598</u>	
Total adjustments		<u>3,932,055</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$2,903,584</u></u>
Actual percentage		3.98%

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

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2020	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Capital Improvements - High School	\$14,542,919	\$14,606,340	\$13,406,841	\$756,323	\$14,163,164	\$443,176	\$12,195,297	\$64,365	\$2,302,103	\$14,561,765	\$398,601
Capital Improvements - Middle School	7,726,680	5,920,692	5,593,646	\$338,513	5,932,159	(11,467)	4,510,752	64,365	1,127,869	5,702,986	(229,173) *
Capital Improvements - Manor School	2,576,548	2,627,938	2,418,008	\$247,901	2,665,909	(37,971)	1,406,599	416,432	587,202	2,410,233	(255,676) *
Capital Improvements - Harbor School	4,232,571	4,244,736	3,588,895	29,627	3,618,522	626,214	1,600,161	322,000	2,315,075	4,237,236	618,714
Energy Performance Contract - General	3,289,503	3,289,503	3,279,303		3,279,303	10,200	3,289,503			3,289,503	10,200
TOTAL	\$32,368,221	\$30,689,209	\$28,286,693	\$1,372,364	\$29,659,057	\$1,030,152	\$23,002,312	\$867,162	\$6,332,249	\$30,201,723	\$542,666

* The deficit balance will be eliminated once permanent funding is obtained and SSBA funds are received.

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

Capital assets, net		\$24,370,998
Deduct:		
Short-term portion of bonds payable	(\$954,607)	
Long-term portion of bonds payable	(13,653,766)	
Short-term portion of energy performance debt	(254,202)	
Long-term portion of energy performance debt	(823,494)	
Less: unspent energy performance debt	10,200	
Less: deferred charges	<u>510,477</u>	
		<u>(15,165,392)</u>
Net investment in capital assets		<u><u>\$9,205,606</u></u>

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

To the Board of Education
Seaford Union Free School District

We have audited, in accordance with 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 fund of Seaford Union Free School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Seaford Union Free School District's basic financial statements, and have issued our report thereon dated October 1, 2020.

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 1, 2020