

**SEAFORD UNION FREE  
SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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# SEAFORD UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Seaford Union Free School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Seaford Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, 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 fund of the District, as of June 30, 2021, 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.

### ***Emphasis on Matter***

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 58 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards 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 District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021 on our consideration of the 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 the 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 District's internal control over financial reporting and compliance.

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

R.S. Abrams & Co., LLP  
Islandia, NY  
September 27, 2021

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021. 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, 2021 with an unassigned fund balance in its general fund of \$5,081,593. Of this amount, \$2,127,029 represents the unassigned fund balance-reserve for tax reduction and the remaining \$2,954,564 represents the District's unassigned fund balance-other. This balance represents funds that are neither restricted or assigned for subsequent year's taxes.
- On May 18, 2021, voters approved a total budget of \$74,717,812 for the fiscal ending June 30, 2022. This represents a 2.35% increase over the 2021 school fiscal year.
- During the year, the District received \$13,411 in federal grants for the Coronavirus Aid, Relief, and Economic Security Act (CARES) and \$149,986 in federal grants received from the Town of Hempstead. These funds were recorded in the operating grants and contributions section of the Statement of Activities on the financial statements.
- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of \$1,745,945 for the Elementary and Secondary School Emergency Relief Program (ESSER) and \$286,193 for the Governor's Emergency Education Relief Program (GEER).
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position in the amount of \$144,700.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

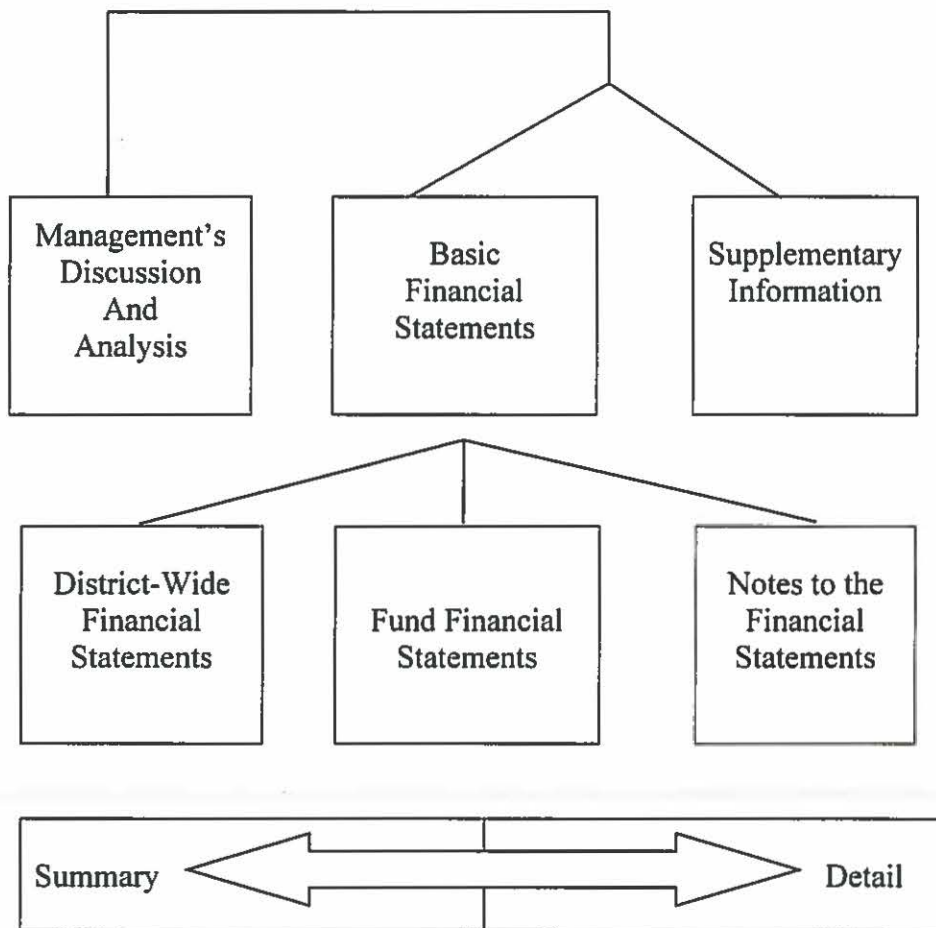
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial 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. The following table shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



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

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Major Features of the District-Wide and Fund Financial Statements

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021**

**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, miscellaneous special revenue fund, capital projects fund and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. 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 since it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A) Net Position:**

Current assets, other liabilities, and restricted net position, unrestricted net position and total net position for 2020 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Footnote 19 for further information.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$ 26,803,648	\$ 26,485,019	\$ 318,629
Other liabilities	4,846,924	4,672,995	173,929
Net Position			
Restricted	14,394,797	14,349,236	45,561
Unrestricted (Deficit)	(113,980,671)	(114,079,810)	99,139
Total Net Position (Deficit)	(90,380,268)	(90,524,968)	144,700

The District's total net deficit decreased by \$1,119,025 during the fiscal year ended June 30, 2021, as detailed in the table below.

Condensed Statement of Net Position

	2021	As Restated 2020	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 29,766,112	\$ 26,803,648	\$ 2,962,464	11.05%
Capital assets, net	24,066,677	24,370,998	(304,321)	(1.25%)
Net pension asset, proportionate share	-	4,374,535	(4,374,535)	(100.00%)
Total Assets	53,832,789	55,549,181	(1,716,392)	(3.09%)
Deferred outflows of resources	21,990,337	18,419,182	3,571,155	19.39%
Total assets and deferred outflows of resources	75,823,126	73,968,363	1,854,763	2.51%
Other liabilities	4,722,232	4,846,924	(124,692)	(2.57%)
Long-term liabilities	138,359,323	136,483,036	1,876,287	1.37%
Total Liabilities	143,081,555	141,329,960	1,751,595	1.24%
Deferred inflows of resources	22,002,814	23,018,671	(1,015,857)	(4.41%)
Total liabilities and deferred inflows of resources	165,084,369	164,348,631	735,738	0.45%
Net Position				
Net investment in capital assets	10,061,478	9,205,606	855,872	9.30%
Restricted	18,106,480	14,394,797	3,711,683	25.78%
Unrestricted (Deficit)	(117,429,201)	(113,980,671)	(3,448,530)	(3.03%)
Total Net Position (Deficit)	\$ (89,261,243)	\$ (90,380,268)	\$ 1,119,025	1.24%

Current and other assets increased by \$2,962,464 or 11.05% due to an increase in restricted cash balances. Capital assets decreased by \$304,321 or 1.25% due to total depreciation and loss on disposals of \$2,162,608 exceeding additions of \$1,858,287. The net pension asset - proportionate share - teachers' retirement system resulted in a net pension liability of \$4,747,430 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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Other liabilities decreased by \$124,692 or 2.57% primarily due to a decrease in accounts payable and accrued liabilities offset by an increase in employees' retirement system and teachers' retirement system liabilities. Long-term liabilities increased by \$1,876,287 or 1.37% due to an increase in net pension liabilities for teachers' retirement plan and an increase in total other post-employment benefits obligation. 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 and improvements, and furniture & equipment, net of depreciation, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, deferred charges on refunding).

The restricted net position in the amount of \$18,106,480 consists of the following reserves: employee benefit accrued liability, retirement contribution (employees' retirement and teachers' retirement systems), capital, workers' compensation, and repair, as well as amounts restricted for scholarships and donations and debt service. This amount increased \$3,711,683 or 25.78% from the prior year.

The unrestricted deficit in the amount of \$117,429,201 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. The District's net deficit increased by \$3,448,530 or 3.03% from the prior year.

Overall, the net deficit decreased by \$1,119,025 from the prior year.

**B) Changes in Net Position:**

Charges for services – extraclassroom activities, operating grants and contributions – scholarships and donations, and instructional expenses were increased due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. The following schedule outlines these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Operating grants and contributions	\$ 932,826	\$ 905,811	\$ 27,015
Charges for services	1,862,714	1,711,290	151,424
Expenses			
Instruction	59,615,840	59,438,324	177,516

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021 and 2020 is as follows:

**Change in Net Position from Operating Results - Governmental Activities Only**

	2021	As Restated 2020	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for services	\$ 1,261,770	\$ 1,862,714	\$ (600,944)	(32.26%)
Operating grants and contributions	1,486,132	932,826	553,306	59.32%
Capital grants	751,272	420,410	330,862	78.70%
<b>General Revenues</b>				
Real property taxes & other tax items	56,094,011	53,902,663	2,191,348	4.07%
State sources	12,718,669	13,372,684	(654,015)	(4.89%)
Use of money & property	89,600	260,296	(170,696)	(65.58%)
Other	607,791	377,926	229,865	60.82%
<b>Total Revenues</b>	<u>73,009,245</u>	<u>71,129,519</u>	<u>1,879,726</u>	2.64%
<b>Expenses</b>				
General support	9,163,282	8,697,870	465,412	5.35%
Instruction	58,130,559	59,615,840	(1,485,281)	(2.49%)
Pupil transportation	3,633,713	2,196,016	1,437,697	65.47%
Community service	24,818	23,539	1,279	5.43%
Debt service - interest	494,622	580,207	(85,585)	(14.75%)
Food service program	443,226	457,150	(13,924)	(3.05%)
<b>Total Expenses</b>	<u>71,890,220</u>	<u>71,570,622</u>	<u>319,598</u>	0.45%
<b>Increase (Decrease) in Net Position</b>	<u>\$ 1,119,025</u>	<u>\$ (441,103)</u>	<u>\$ 1,560,128</u>	(353.69%)

The District's fiscal year 2021 revenues totaled \$73,009,245. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 76.83% and 17.42% respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources.

During the year, the District received \$13,411 in federal grants for CARES and \$149,986 in federal grants received from the Town of Hempstead. These funds were recorded in the operating grants and contributions section of the Statement of Activities on the financial statements.

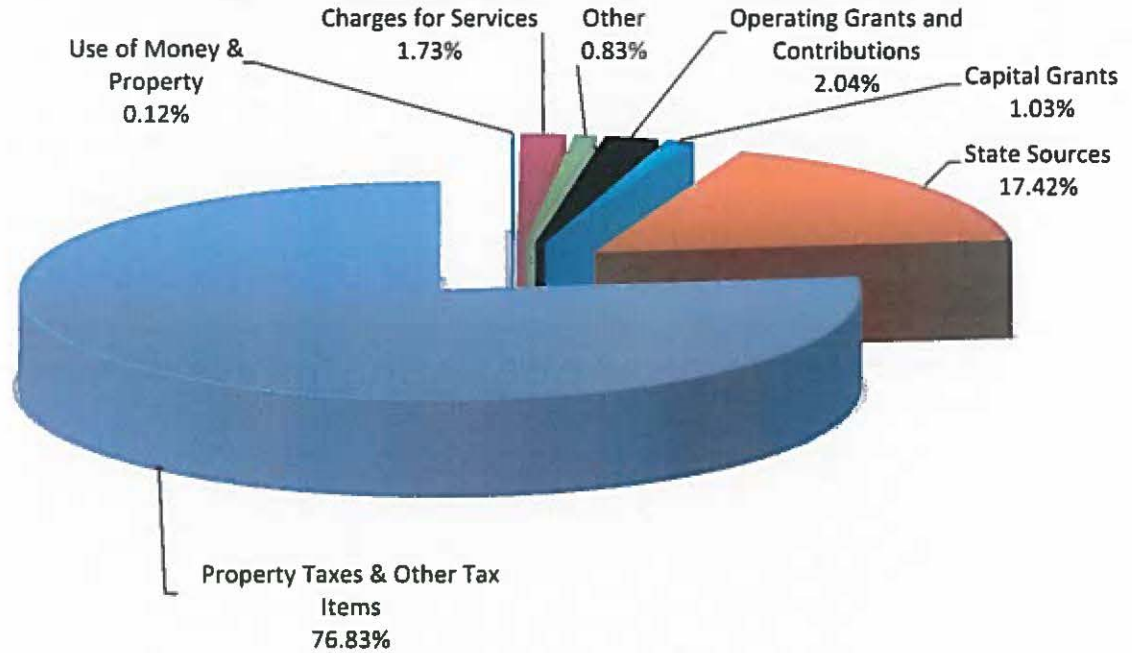
**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The total cost of all programs and services totaled \$71,890,220 for fiscal year ended June 30, 2021. These expenses are primarily related to instruction and general support, which account for 93.61% of District expenses.

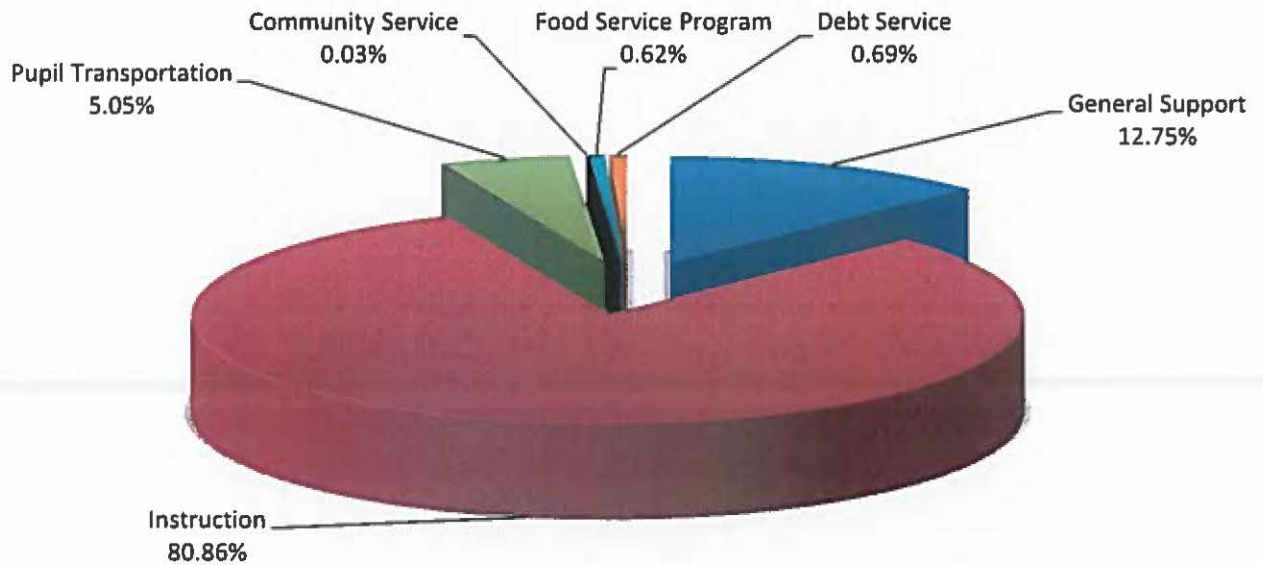
The users of the of the District's programs financed \$1,261,770 of the cost. The federal and state governments subsidized certain programs with operating and capital grants. Donations for scholarships provided support for programs as contributions. Most of the District's net costs of \$68,391,046 were financed by District taxpayers, and state sources.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues for Fiscal Year Ended June 30, 2021:



Expenses for Fiscal Year Ended June 30, 2021:



**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**C) Governmental Activities:**

Revenues for the District's combined governmental activities totaled \$73,009,245 while combined total expenses equaled \$71,890,220 resulting in an increase in net position of \$1,119,025 for 2021. 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, 2021, the District's combined governmental funds reported a total fund balance of \$24,546,101 which is an increase of \$2,938,611 over the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 19 "Restatement of Fund Balances" for further information.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	2021	As Restated 2020	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for employee benefit accrued liability	\$ 4,211,182	\$ 4,207,835	\$ 3,347	0.08%
Restricted for retirement contribution				
Employees' retirement system	2,921,273	2,419,349	501,924	20.75%
Teachers' retirement system	1,503,071	902,353	600,718	66.57%
Restricted for capital	5,959,385	3,956,238	2,003,147	50.63%
Restricted for workers' compensation	2,025,174	1,523,962	501,212	32.89%
Restricted for repairs	1,035,939	535,513	500,426	93.45%
Assigned - designated for subsequent year's expenditures	847,574	650,000	197,574	30.40%
Assigned - general support	129,619	208,550	(78,931)	(37.85%)
Assigned - instruction	27,948	77,907	(49,959)	(64.13%)
Unassigned - reserve for tax reduction	2,127,029	2,995,598	(868,569)	(28.99%)
Unassigned - other	2,954,564	2,894,649	59,915	2.07%
Total Fund Balance - General Fund	<u>23,742,758</u>	<u>20,371,954</u>	<u>3,370,804</u>	16.55%
<b>School Lunch Fund</b>				
Nonspendable - inventory	9,955	14,020	(4,065)	(28.99%)
Assigned	60,656	119,831	(59,175)	(49.38%)
Total Fund Balance - School Lunch Fund	<u>70,611</u>	<u>133,851</u>	<u>(63,240)</u>	(47.25%)
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships and donations	45,011	54,495	(9,484)	(17.40%)
Assigned unappropriated fund balance	92,412	99,139	(6,727)	(6.79%)
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>137,423</u>	<u>153,634</u>	<u>(16,211)</u>	(10.55%)
<b>Capital Projects Fund</b>				
Restricted - Unspent proceeds	10,200	10,200	-	0.00%
Restricted - capital	-	398,601	(398,601)	(100.00%)
Assigned	179,664	133,865	45,799	34.21%
Total Fund Balance - Capital Projects Fund	<u>189,864</u>	<u>542,666</u>	<u>(352,802)</u>	65.01%
<b>Debt Service Fund</b>				
Restricted for debt service	405,445	405,385	60	0.01%
Total Fund Balance - Debt Service Fund	<u>405,445</u>	<u>405,385</u>	<u>60</u>	0.01%
 Total Fund Balance - All Funds	 <u>\$ 24,546,101</u>	 <u>\$ 21,607,490</u>	 <u>\$ 2,938,611</u>	 13.60%

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.



**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**A) General Fund**

The net change in the general fund – fund balance is an increase of \$3,370,804 as a result of revenues and other financing sources of \$71,595,134 exceeding expenditures and other financing uses of \$68,224,330. Revenues and other financing sources increased \$2,453,259 or 3.55% 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.

Expenditures and other uses increased \$1,839,633 or 2.77% 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 fund balance in the school lunch fund decreased by \$63,240 and was primarily caused by expenditures and other financing uses of \$514,074 exceeding revenue and other financing sources of \$450,834.

**C) Miscellaneous Special Revenue Fund**

The net change in fund balance in the miscellaneous special revenue fund is due to extraclassroom and scholarship expenditures exceeding revenue.

**D) Capital Projects Fund**

The fund balance in the capital projects fund decreased by \$352,802. This decrease was due to expenditures exceeding other financing sources. The District transferred \$755,000 from the general fund to the capital fund for a budgetary appropriation transfer. The total cost of capital outlays for the year was \$1,107,802 in the capital projects fund.

**D) Debt Service Fund**

The net change in fund balance in the debt service fund of \$60 represents interest income for the year.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A) 2020-21 Budget:**

The District's general fund budget for the year ended June 30, 2021 was \$73,005,631. This amount was increased by encumbrances carried forward from the prior year in the amount of \$286,457 and budget revisions of \$255,900 which resulted in a final budget of \$73,547,988. The majority of the funding was real property taxes and other real property tax items of \$55,718,604.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Opening Unassigned Fund Balance- Other	\$ 2,894,649
Revenues Under Budget	(69,342)
Expenditures and Encumbrances Under Budget	5,166,091
Transfers to Reserves	(4,100,000)
Interest Allocated to Reserves	(89,260)
Appropriated for June 30, 2022 Budget	<u>(847,574)</u>
Closing, Unassigned Fund Balance- Other	<u>\$ 2,954,564</u>

The opening unassigned fund balance - other of \$2,903,584 was restated to incorporated the implementation of GASB Statement No. 84, *Fiduciary Activities* to \$2,894,649 as of June 30, 2020. See Note 19 "Restatement of Fund Balances" of the financial statements for more information.

The revenues under budget of \$69,342 was primarily related to the District receiving less than anticipated state aid offset by the Federal Cares Act revenue and the Town of Hempstead grant.

The expenditures and encumbrances under budget of \$5,166,091 were primarily caused by a reduction in use for pupil transportation, pupil services, programs for children with handicapping conditions, central services, and employee benefits.

The transfers to reserves of \$4,100,000 consists of funding the retirement contribution reserve in the amount of \$1,100,000; funding the capital reserve in the amount of \$2,000,000; funding the workers' compensation reserve in the amount of \$500,000; and funding the repair reserve in the amount of \$500,000.

Interest earnings of \$89,260 were allocated to the reserves. Interest was allocated to the following reserves as follows \$426 to the repair reserve, \$1,212 to the workers' compensation reserve, \$3,347 to the employee benefit accrued liability reserve, \$1,926 to the employee retirement reserve, \$708 to the teachers' retirement reserve, and \$3,147 to the capital reserve. The District allocated \$78,494 to the reserve for tax reduction.

The appropriated fund balance for June 30, 2022 budget of \$847,574 represents the amount the District has assigned to partially fund its 2021-22 budget.

The closing unassigned fund balance – other, represents the fund balance that is retained by the District that is neither restricted or assigned for subsequent year's taxes. The unassigned balance of \$2,954,564 is within the 4% of the 2021-2022 school year budget as required by Section 1318 of Real Property Tax Law.

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A) Capital Assets:**

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets net of depreciation is as follows:

Category	2021	2020	Increase (Decrease)	% Change
Land	\$ 1,517,000	\$ 1,517,000	\$ -	0.00%
Construction in progress	1,107,802	1,372,364	(264,562)	(19.28%)
Buildings & building improvements	46,026,825	44,654,461	1,372,364	3.07%
Land improvements	3,702,223	3,702,223	-	0.00%
Furniture & equipment	6,417,817	6,176,053	241,764	3.91%
Vehicles	199,978	199,978	-	0.00%
Subtotal	<u>58,971,645</u>	<u>57,622,079</u>	<u>1,349,566</u>	2.34%
Less: accumulated depreciated	<u>34,904,968</u>	<u>33,251,081</u>	<u>1,653,887</u>	4.97%
Total capital assets, net	<u>\$ 24,066,677</u>	<u>\$ 24,370,998</u>	<u>\$ (304,321)</u>	(1.25%)

The District spent \$1,107,802 in the capital projects fund and \$750,485 in the general fund on construction in progress and furniture and equipment purchases during the year. Depreciation expense and loss on disposal was \$2,162,608. See Note 8 "Capital Assets" to the financial statements for additional information.

**B) Long-Term Debt:**

At June 30, 2021, the District had total bonds payable of \$13,653,766 which is inclusive of unamortized premiums and energy performance debt payable of \$823,493. The decrease in long-term debt is representative of principal payments (inclusive of premium) on debt paid during the year. More detailed information about the District's long-term debt is presented in Note 11 "Long-Term Liabilities" to the financial statements.

A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Serial bonds payable	\$ 13,653,766	\$ 14,608,373	\$ (954,607)
Energy performance debt payable	823,493	1,077,696	(254,203)
Total	<u>\$ 14,477,259</u>	<u>\$ 15,686,069</u>	<u>\$ (1,208,810)</u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

- A) The general fund budget for the 2021-2022 school year in the amount of \$74,717,812 was approved by the voters. This is an increase of \$1,712,181 or 2.35% 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 District plans to issue tax anticipation note in the amount of \$5,000,000 on October 7, 2021 with a maturity date of June 23, 2022.
- C) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District’s ability to fund its current cost of services.
- D) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

**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, CPA  
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, 2021**

<b>ASSETS</b>		
Current assets		
Cash		
Unrestricted		\$ 7,489,275
Restricted		17,878,211
Receivables		
State and federal aid		1,197,209
Due from other governments		1,763,466
Taxes receivable		1,417,031
Accounts receivable		10,965
Inventories		9,955
Non-current assets		
Capital assets		
Not being depreciated		2,624,802
Being depreciated, net of accumulated depreciation		<u>21,441,875</u>
<b>TOTAL ASSETS</b>		<u><b>53,832,789</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions		20,755,819
Deferred charges on refunding		461,860
Other post-employment benefits obligation		<u>772,658</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		<u><b>21,990,337</b></u>
<b>LIABILITIES</b>		
Payables		
Accounts payable		\$ 532,889
Accrued liabilities		435,886
Accrued interest payable		253,493
Due to other governments		83
Student deposits		13,643
Compensated absences payable		168,777
Due to teachers' retirement system		3,028,608
Due to employees' retirement system		258,705
Unearned credits		
Collections in advance		30,148
Long-term liabilities		
Due and payable within one year		
Bonds payable (inclusive of unamortized premium)		994,607
Energy performance debt payable		264,091
Compensated absences payable		291,734
Claims payable		210,376
Due and payable after one year		
Bonds payable (inclusive of unamortized premium)		12,659,159
Energy performance debt payable		559,402
Compensated absences payable		5,254,980
Claims payable		1,593,536
Total other post-employment benefits obligation		111,764,134
Net pension liability - proportionate share - employees' retirement system		19,874
Net pension liability - proportionate share - teachers' retirement system		<u>4,747,430</u>
<b>TOTAL LIABILITIES</b>		<u><b>143,081,555</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions		8,526,505
Total other post-employment benefits obligation		<u>13,476,309</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<u><b>22,002,814</b></u>
<b>NET POSITION</b>		
Net investment in capital assets		<u>10,061,478</u>
<b>Restricted</b>		
Employee benefit accrued liability		4,211,182
Retirement contribution - employees' retirement system		2,921,273
Retirement contribution - teachers' retirement system		1,503,071
Capital		5,959,385
Workers' compensation		2,025,174
Repair		1,035,939
Scholarships and donations		45,011
Debt service		<u>405,445</u>
		<u>18,106,480</u>
Unrestricted (Deficit)		<u>(117,429,201)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>		<u><b>\$ (89,261,243)</b></u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and Changes in Net Position
General support	\$ (9,163,282)	\$ -	\$ -	\$ -	\$ (9,163,282)
Instruction	(58,130,559)	1,224,464	1,055,401	751,272	(55,099,422)
Pupil transportation	(3,633,713)		23,400		(3,610,313)
Community services	(24,818)				(24,818)
Debt service- interest	(494,622)				(494,622)
Food service program	(443,226)	37,306	407,331		1,411
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (71,890,220)</b>	<b>\$ 1,261,770</b>	<b>\$ 1,486,132</b>	<b>\$ 751,272</b>	<b>(68,391,046)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					49,510,534
Other tax items - including STAR reimbursement					6,583,477
Use of money & property					89,600
Miscellaneous					580,472
State sources					12,718,669
Medicaid reimbursement					27,319
<b>TOTAL GENERAL REVENUES</b>					<b>69,510,071</b>
<b>CHANGE IN NET POSITION</b>					1,119,025
<b>TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 19)</b>					<b>(90,380,268)</b>
<b>TOTAL NET POSITION - END OF YEAR</b>					<b>\$ (89,261,243)</b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>							
<b>Cash</b>							
Unrestricted	\$ 7,232,315	\$ 10,721	\$ 44,972	\$ 110,006	\$ 91,261	\$ -	\$ 7,489,275
Restricted	17,656,024			45,011	10,200	166,976	17,878,211
<b>Receivables</b>							
State and federal aid	347,276	686,118	163,815				1,197,209
Taxes receivable	1,417,031						1,417,031
Accounts receivable	10,965						10,965
Due from other governments	1,012,194				751,272		1,763,466
Due from other funds	1,253,975	94,369	6,197		755,000	238,469	2,348,010
Inventory			9,955				9,955
<b>TOTAL ASSETS</b>	<b>\$ 28,929,780</b>	<b>\$ 791,208</b>	<b>\$ 224,939</b>	<b>\$ 155,017</b>	<b>\$ 1,607,733</b>	<b>\$ 405,445</b>	<b>\$ 32,114,122</b>
<b>LIABILITIES</b>							
<b>Payables</b>							
Accounts payable	\$ 435,093	\$ 36,595	\$ 55,628	\$ 5,573	\$ -	\$ -	\$ 532,889
Accrued liabilities	435,886						435,886
Due to other governments			83				83
Due to other funds	855,565	754,544	70,908	396	666,597		2,348,010
Due to teachers' retirement system	3,028,608						3,028,608
Due to employees' retirement system	258,705						258,705
Compensated absences	168,777						168,777
Student deposits	2,018			11,625			13,643
<b>Unearned credits</b>							
Collections in advance	2,370	69	27,709				30,148
<b>TOTAL LIABILITIES</b>	<b>5,187,022</b>	<b>791,208</b>	<b>154,328</b>	<b>17,594</b>	<b>666,597</b>	<b>-</b>	<b>6,816,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
State Aid					751,272		751,272
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>751,272</b>	<b>-</b>	<b>751,272</b>
<b>FUND BALANCES</b>							
Nonspendable: Inventory			9,955				9,955
<b>Restricted</b>							
Employee benefit accrued liability	4,211,182						4,211,182
<b>Retirement contribution</b>							
Employees' retirement system	2,921,273						2,921,273
Teachers' retirement system	1,503,071						1,503,071
<b>Capital</b>							
Workers' compensation	5,959,385						5,959,385
Repair	2,025,174						2,025,174
Scholarships and donations	1,035,939						1,035,939
Debt service				45,011			45,011
Unspent energy performance proceeds						405,445	405,445
<b>Assigned</b>							
Appropriated fund balance	847,574						847,574
Unappropriated fund balance	157,567		60,656	92,412	179,664		490,299
<b>Unassigned:</b>							
Reserve for tax reduction	2,127,029						2,127,029
Other	2,954,564						2,954,564
<b>TOTAL FUND BALANCES</b>	<b>23,742,758</b>	<b>-</b>	<b>70,611</b>	<b>137,423</b>	<b>189,864</b>	<b>405,445</b>	<b>24,546,101</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 28,929,780</b>	<b>\$ 791,208</b>	<b>\$ 224,939</b>	<b>\$ 155,017</b>	<b>\$ 1,607,733</b>	<b>\$ 405,445</b>	<b>\$ 32,114,122</b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Governmental Fund Balances \$ 24,546,101

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	\$ 58,971,645	
Accumulated depreciation	<u>(34,904,968)</u>	24,066,677

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 accrual method. 751,272

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

Deferred inflows related to pensions	\$ (8,526,505)	
Deferred inflows related to total OPEB liability	<u>(13,476,309)</u>	(22,002,814)

Deferred amounts on refunding- The Statement of Net Position will amortize the deferred over the life of the bond. Governmental funds record the deferred charges as an 461,860

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

Deferred outflows related to pensions	\$ 20,755,819	
Deferred outflows related to total OPEB liability	<u>772,658</u>	21,528,477

Payables that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to accrued interest payable at year end consisted of: (253,493)

Long-term liabilities are not due and payable in the current period and therefore not reported liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (inclusive of unamortized premium)	\$ (13,653,766)	
Energy performance debt payable	(823,493)	
Compensated absences payable	(5,546,714)	
Claims payable	(1,803,912)	
Total other post-employment benefits obligation	(111,764,134)	
Net pension liability - proportionate share		
Employees' retirement system	(19,874)	
Teachers' retirement system	<u>(4,747,430)</u>	<u>(138,359,323)</u>

Total Net Position \$ (89,261,243)



**SEAFORD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 49,510,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,510,534
Other tax items - including STAR reimbursement	6,583,477						6,583,477
Charges for services	1,164,147			60,317			1,224,464
Use of money and property	89,540					60	89,600
Miscellaneous	551,154			18,382			569,536
State sources	13,351,683	234,405	13,970				13,600,058
Federal sources	244,433	608,900	348,012				1,201,345
Surplus food			45,349				45,349
Sales - school lunch			37,306				37,306
<b>TOTAL REVENUES</b>	<b>71,494,968</b>	<b>843,305</b>	<b>444,637</b>	<b>78,699</b>	<b>-</b>	<b>60</b>	<b>72,861,669</b>
<b>EXPENDITURES</b>							
General support	\$ 6,571,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,571,884
Instruction	40,573,609	866,764		94,910			41,535,283
Pupil transportation	3,537,098	23,400					3,560,498
Community service	16,808						16,808
Employee benefits	15,031,771						15,031,771
Cost of sales			443,226				443,226
Capital outlay					1,107,802		1,107,802
Debt service- principal						1,134,203	1,134,203
Debt service - interest	45,660					505,241	550,901
<b>TOTAL EXPENDITURES</b>	<b>65,776,830</b>	<b>890,164</b>	<b>443,226</b>	<b>94,910</b>	<b>1,107,802</b>	<b>1,639,444</b>	<b>69,952,376</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,718,138</b>	<b>(46,859)</b>	<b>1,411</b>	<b>(16,211)</b>	<b>(1,107,802)</b>	<b>(1,639,384)</b>	<b>2,909,293</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Premium on obligations	29,318						29,318
Operating transfers in	70,848	46,859	6,197		755,000	1,639,444	2,518,348
Operating transfers (out)	(2,447,500)		(70,848)				(2,518,348)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(2,347,334)</b>	<b>46,859</b>	<b>(64,651)</b>	<b>-</b>	<b>755,000</b>	<b>1,639,444</b>	<b>29,318</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,370,804</b>	<b>-</b>	<b>(63,240)</b>	<b>(16,211)</b>	<b>(352,802)</b>	<b>60</b>	<b>2,938,611</b>
<b>FUND BALANCES - BEGINNING OF YEAR AS RESTATED (SEE NOTE 19)</b>	<b>20,371,954</b>	<b>-</b>	<b>133,851</b>	<b>153,634</b>	<b>542,666</b>	<b>405,385</b>	<b>21,607,490</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 23,742,758</b>	<b>\$ -</b>	<b>\$ 70,611</b>	<b>\$ 137,423</b>	<b>\$ 189,864</b>	<b>\$ 405,445</b>	<b>\$ 24,546,101</b>

**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, 2021**

Net Change in Fund Balances \$ 2,938,611

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, 2021 changed by (426,973)

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, 2021 is 118,258

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 is due. Claims payable for the year ended June 30, 2021 changed by (27,282)

Changes in the proportionate share of net pension 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	\$	(3,610,817)	
Employees' retirement system		442,073	
Other post-employment benefits		798,996	(2,369,748)

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	\$	1,858,285	
Depreciation expense and loss on disposal		(2,162,608)	(304,323)

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. 880,000

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. 254,203

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. 30,289

Change in Net Position \$ 1,119,025

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND  
JUNE 30, 2021**

	<u>Custodial</u>
<b>ASSETS</b>	
Cash and cash equivalents- restricted	\$ 53,770
<b>TOTAL ASSETS</b>	<u>\$ 53,770</u>
<b>LIABILITIES</b>	
Payroll flexible spending plan	\$ 53,770
<b>TOTAL LIABILITIES</b>	<u>\$ 53,770</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 53,770</u>

**SEAFORD UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Custodial</b>
<b>ADDITIONS</b>	
Real property taxes received for Library	\$ 2,412,655
Flexible spending plan contributions	143,280
<b>TOTAL ADDITIONS</b>	<b>\$ 2,555,935</b>
<b>DEDUCTIONS</b>	
Real property taxes disbursed to Library	\$ 2,412,655
Flexible spending plan reimbursements	143,280
<b>TOTAL DEDUCTIONS</b>	<b>\$ 2,555,935</b>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	-
<b>NET POSITION - END OF YEAR</b>	<b>\$ -</b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 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. 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, there are no other entities that would be included in the District’s reporting entity.

**B) Joint venture:**

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

BOCES is 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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative, program, and capital costs 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:**

**District-Wide Financial Statements:**

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

**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. The school lunch operations are supported by federal and state grants and charges to participants for its services.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Miscellaneous Special Revenue Fund:** This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

**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 fund:

**Fiduciary Fund:** This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund include the custodial fund, where assets and liabilities are held by the District as an agent.

**D) Measurement focus and basis of accounting:**

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, 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:**

**Calendar:**

Real property taxes are levied annually by the Board 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.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures 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 fund.

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

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

**H) Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items 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.



**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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) Prepaid items and inventories:**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenses/expenditures at the time of purchase, and are considered immaterial in amount.

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

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, 2021.

**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 summer activities in the general fund, grants in the special aid fund, and prepaid student meals in the school lunch fund.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 dollar 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, which 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 are unavailable revenues, which are reported when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid. 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.

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

go basis. The liability is reported only for payments due for unused compensated absences for those employees who 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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Q) Short-term debt:**

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

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

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

**R) Accrued liabilities and long-term obligations:**

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences, 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

**SEAFORD UNION FREE SCHOOL DISTRICT  
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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 \$9,955.

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

The District has classified the following as restricted:

**Employee Benefit Accrued Liability Reserve**

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 was 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.

Workers' Compensation Reserve

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

Repair Reserve

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

Scholarships and Donations

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted in the miscellaneous special revenue fund.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

- (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). The District has no committed fund balances as of June 30, 2021.
- (4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance 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. A 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 excluded from the 4% limitation.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law, or by formal action of the Board if voter approval is not required.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The Board shall designate the authority to assign fund balances, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

**Order of Use of Fund Balance**

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (i.e. expenditures related to reserves) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

**T) New accounting pronouncements:**

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 for further consideration.

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

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

This is the statement 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 this pronouncement 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

**SEAFORD UNION FREE SCHOOL DISTRICT  
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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:

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.

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.

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 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 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.



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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the dollar 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.

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash and Cash Equivalents:**

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (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 and Cash Equivalents:**

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 and cash

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equivalents at June 30, 2021 included \$17,878,211 within the governmental funds for general reserves, debt service, capital projects, and scholarships and donations purposes and \$53,770 within the custodial fund.

**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 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, 2021, the District was billed \$5,769,811 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$1,686,089. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

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

State and federal aid receivables at June 30, 2021 consisted of:

<b>General Fund</b>	
State sources - excess cost aid	\$ 293,573
Federal sources - CARES act	53,703
Total	<u>347,276</u>
<b>Special Aid Fund</b>	
Federal aid	534,853
State aid	151,265
Total	<u>686,118</u>
<b>School Lunch Fund</b>	
Federal aid	157,600
State aid	6,215
Total	<u>163,815</u>
<b>Total - All funds</b>	<b><u>\$ 1,197,209</u></b>

District management has deemed the amounts to be fully collectible.

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**NOTE 7 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments in the general fund at June 30, 2021 consisted of the following:

General Fund

Tuition and health services	\$ 249,000
BOCES aid	<u>763,194</u>
Total general fund	<u>1,012,194</u>

Capital Projects Fund

Smart Schools Bond Act	<u>751,272</u>
Total due from other governments	<u>\$ 1,763,466</u>

District management has deemed the amounts to be fully collectible.

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**NOTE 8 – CAPITAL ASSETS:**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,517,000	\$ -	\$ -	\$ 1,517,000
Construction in progress	1,372,364	1,107,802	(1,372,364)	1,107,802
Total capital assets not being depreciated	<u>2,889,364</u>	<u>1,107,802</u>	<u>(1,372,364)</u>	<u>2,624,802</u>
<b>Capital assets being depreciated:</b>				
Building & building improvements	44,654,461	-	1,372,364	46,026,825
Land improvements	3,702,223	-	-	3,702,223
Furniture and equipment	6,176,053	750,485	(508,721)	6,417,817
Vehicles	199,978	-	-	199,978
Total capital assets being depreciated	<u>54,732,715</u>	<u>750,485</u>	<u>863,643</u>	<u>56,346,843</u>
<b>Less accumulated depreciation:</b>				
Building & building improvements	27,198,017	1,374,129	-	28,572,146
Land improvements	2,118,587	138,012	-	2,256,599
Furniture and equipment	3,803,778	616,306	(494,505)	3,925,579
Vehicles	130,699	19,945	-	150,644
Total accumulated depreciation	<u>33,251,081</u>	<u>2,148,392</u>	<u>(494,505)</u>	<u>34,904,968</u>
Total capital assets being depreciated, net	<u>21,481,634</u>	<u>(1,397,907)</u>	<u>1,358,148</u>	<u>21,441,875</u>
Capital assets, net	<u>\$ 24,370,998</u>	<u>\$ (290,105)</u>	<u>\$ (14,216)</u>	<u>\$ 24,066,677</u>

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

General support	\$ 1,566,595
Instruction	596,013
Total depreciation expense	<u>\$ 2,162,608</u>

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,253,975	\$ 855,565	\$ 70,848	\$ 2,447,500
Special aid fund	94,369	754,544	46,859	-
School lunch fund	6,197	70,908	6,197	70,848
Capital projects fund	755,000	666,597	755,000	-
Miscellaneous special revenue fund	-	396	-	-
Debt service fund	238,469	-	1,639,444	-
Totals	<u>\$ 2,348,010</u>	<u>\$ 2,348,010</u>	<u>\$ 2,518,348</u>	<u>\$ 2,518,348</u>

The District transferred from the general fund to the special aid fund to fund the District's share of summer program for students with disabilities and the state supported Section 4201 schools.

The District transferred funds from the general fund to the school lunch fund to cover negative student lunch account balances. The District transferred from the school lunch fund to the general fund for various utility expenditures and employee salaries utilized and paid by school lunch operations.

The District transferred from the general fund to the capital projects fund to fund capital projects.

The District transferred 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	6/24/2021	1.25%	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

On October 1, 2020, the District issued a tax anticipation note (TAN) for \$5,000,000 that matured on June 24, 2021, with a net interest rate of 1.25%. This debt was issued for the purpose of providing cash flow to the general fund in anticipation of revenues from property taxes.

Net interest cost was \$16,342, which consisted of interest expense of \$45,660 offset by the premium of \$29,318.

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**NOTE 11 – LONG-TERM LIABILITIES:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Bonds payable	\$ 13,825,000	\$ -	\$ (880,000)	\$ 12,945,000	\$ 920,000
Add: premium on obligation	783,373	-	(74,607)	708,766	74,607
Total bonds payable	<u>14,608,373</u>	<u>-</u>	<u>(954,607)</u>	<u>13,653,766</u>	<u>994,607</u>
Other long-term liabilities:					
Energy performance debt payable	1,077,696	-	(254,203)	823,493	264,091
Compensated absences payable	5,119,741	729,358	(302,385)	5,546,714	291,734
Claims payable	1,776,630	74,704	(47,422)	1,803,912	210,376
Total other post-employment benefits obligation	108,467,904	6,790,123	(3,493,893)	111,764,134	-
Net pension liability - proportionate share					
Employees' retirement system	5,432,692	825,101	(6,237,919)	19,874	-
Teachers' retirement system	-	4,747,430	-	4,747,430	-
Total other long-term liabilities	<u>121,874,663</u>	<u>13,166,716</u>	<u>(10,335,822)</u>	<u>124,705,557</u>	<u>766,201</u>
Total long-term liabilities	<u>\$ 136,483,036</u>	<u>\$ 13,166,716</u>	<u>\$ (11,290,429)</u>	<u>\$ 138,359,323</u>	<u>\$ 1,760,808</u>

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 liabilities.

**A) Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds - Refunded	10/4/2017	7/1/2035	2.00 - 5.00%	\$ 10,035,000
Serial Bonds	7/10/2014	7/1/2034	3.13%	2,910,000
				<u>\$ 12,945,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,085,000	236,444	1,321,444
2027-2031	5,930,000	685,950	6,615,950
2032-2035	2,030,000	82,072	2,112,072
	<u>\$ 12,945,000</u>	<u>\$ 2,422,742</u>	<u>\$ 15,367,742</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>\$ 823,493</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 264,091	\$ 32,034	\$ 296,125
2023	274,364	21,761	296,125
2024	285,038	11,088	296,126
	<u>\$ 823,493</u>	<u>\$ 64,883</u>	<u>\$ 888,376</u>

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**C) Long-Term Interest**

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

	<u>Total</u>
Interest paid	\$ 505,241
Less interest accrued in the prior year	(283,782)
Plus interest accrued in the current year	253,493
Less amortization of premium	(74,607)
Plus amortization of deferred amounts on refunding	48,617
Total expense	<u>\$ 448,962</u>

**D) Bond Premium**

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to \$708,766 at June 30, 2021. 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, 2021 consisted of the following:

	<u>2011 Bond</u>
Deferred charges	\$ 632,019
Accumulated amortization	(170,159)
Balance of Deferred charges	<u>\$ 461,860</u>

The deferred charges on the advanced refunding are 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:**

**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



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employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. 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](http://www.nystrs.org).

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

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- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
  - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
  - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31<sup>st</sup>. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 18.3% for Tiers 3 &4, 15.3% for Tier 5, and 10.7% 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, 2021 was 9.53%.

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

	NYSTRS	NYSERS
2021	\$ 2,801,781	\$ 825,101
2020	\$ 2,583,639	\$ 775,951
2019	\$ 2,984,797	\$ 829,997

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

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension 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 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, 2021	June 30, 2020
Net pension liability	\$ 19,874	\$ 4,747,430
District's portion of the Plan's total net pension liability	0.0199593%	0.171805%
Change in proportion since prior measurement date	-0.0991100%	0.003425%

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$531,949 for ERS, and \$6,414,082 for TRS. At June 30, 2021 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	\$ 242,719	\$ 4,159,698	\$ -	\$ 243,297
Changes of assumptions	3,654,237	6,004,393	68,920	2,140,253
Net difference between projected and actual earnings on pension plan investments	-	3,100,488	5,709,060	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	216,641	317,157	85,500	279,475
District's contributions subsequent to the measurement date	258,705	2,801,781	-	-
	<u>\$ 4,372,302</u>	<u>\$ 16,383,517</u>	<u>\$ 5,863,480</u>	<u>\$ 2,663,025</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year Ended:		
2021	\$ -	\$ 1,871,756
2022	(283,124)	3,755,654
2023	(89,692)	3,108,814
2024	(288,439)	1,901,205
2025	(1,088,628)	88,623
Thereafter	-	192,659
	<u>\$ (1,749,883)</u>	<u>\$ 10,918,711</u>

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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, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 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, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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Measurement Date	ERS		TRS	
	March 31, 2021		June 30, 2020	
	Target	Long-Term Expected Real	Target	Long-Term Expected Real
Asset type	Allocation	Rate of Return	Allocation	Rate of Return
Domestic equity	32.0%	4.05%	33.0%	7.10%
International equity	15.0%	6.30%	16.0%	7.70%
Global equity	-	-	4.0%	7.40%
Private equity	10.0%	6.75%	8.0%	10.40%
Real estate	9.0%	4.95%	11.0%	6.80%
Absolute return strategies	4.0%	3.25%	-	-
Opportunistic portfolio	3.0%	4.65%	-	-
Real assets	3.0%	5.95%	-	-
Bonds and mortgages	23.0%	0.00%	-	-
Cash	1.0%	0.50%	-	-
Domestic fixed income securities	-	-	16.0%	1.80%
Global fixed income securities	-	-	2.0%	1.00%
High-yield fixed income securities	-	-	1.0%	3.90%
Private debt	-	-	1.0%	5.20%
Mortgages - Real Estate Debt	-	-	7.0%	3.60%
Short-term	-	-	1.0%	0.70%
	100.0%		100.0%	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% 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 (4.90% for ERS and 6.10% for TRS) or 1-percentagepoint higher (6.90% for ERS and 8.10% for TRS) than the current rate:

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	\$ (5,516,328)	\$ (19,874)	\$ 5,049,143
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset/(liability)	\$ (29,987,877)	\$ (4,747,430)	\$ 16,435,702

**Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan Net Position	220,580,583	120,479,505
Employers' net pension liability	\$ (99,574)	\$ (2,763,271)

Ratio of plan net position to the Employers' total pension liability	99.95%	97.76%
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**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$258,705.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$3,028,608.

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 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, 2021, totaled \$474,767 and \$2,036,371 respectively.

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

**B) General Information about the OPEB Plan:**

Plan Description

The District’s OPEB Plan (the “OPEB 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 OPEB 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 ended June 30, 2021, the District contributed an estimated \$3,493,893 to the Plan, including \$3,493,893 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	235
<b>Total</b>	<b><u>614</u></b>

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**C) Total OPEB Liability:**

The District's total OPEB liability of \$111,764,134 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019. Updated 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:

Inflation	2.60%
Discount rate	2.16%
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:**

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 108,467,904
Changes for the fiscal year:	
Service cost	3,482,880
Interest	2,435,715
Effect of plan changes	-
Effect of demographic gains or losses	-
Changes in assumptions or other inputs	871,528
Benefit payments	(3,493,893)
Net changes in total OPEB liability	<u>3,296,230</u>
Balance at June 30, 2021	<u>\$ 111,764,134</u>



**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% percent in 2020 to 2.16% percent in 2021.

**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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)		1% Increase (3.16%)
Total OPEB liability	\$ 131,484,968	\$ 111,764,134		\$ 96,059,031

**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 (5.60%) or 1-percentage-point higher (7.60%) than the current healthcare cost trend rates:

	1% Decrease (5.60%)	Healthcare Cost Trend Rates (6.60%)		1% Increase (7.60%)
Total OPEB liability	\$ 95,590,309	\$ 111,764,134		\$ 133,037,034

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense (credit) of \$2,694,897. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 56,760	\$ (1,698,854)
Changes of assumptions or other inputs	715,898	(11,777,455)
	\$ 772,658	\$ (13,476,309)

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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:	
2022	\$ (3,223,698)
2023	(3,223,698)
2024	(3,223,698)
2025	(2,936,598)
2026	(95,959)
Thereafter	-
	<u>\$ (12,703,651)</u>

**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, 2021, the District has recorded potential workers' compensation claims of \$1,803,911 and has a workers' compensation reserve balance of \$2,025,174 in the general fund.

	<u>2021</u>	<u>2020</u>
Unpaid claims at beginning of year	\$ 1,776,630	\$ 1,690,126
Incurred claims and claim adjustment expenses	74,704	105,627
Claims payments	(47,422)	(19,123)
Unpaid claims at year end	<u>\$ 1,803,912</u>	<u>\$ 1,776,630</u>

**C) Public Entity Risk Pool:**

The District participates in New York Schools Insurance Reciprocal, 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, 2021**

**NOTE 17 – COMMITMENTS AND CONTINGENCIES:**

**A) Encumbrances:**

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance

General fund

General support	\$ 129,619
Instruction	27,448
Employee benefits	500
	\$ 157,567

Restricted and Assigned Fund Balance:

Capital projects fund

Capital projects	\$ 189,864
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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:**

The District is aware of claims and potential lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

**D) Operating Leases:**

The District leases various types of equipment under non-cancelable operating leases. Rental expense for the fiscal year was \$1,213,382. The following is a summary of obligations of government activities under operating lease payments:

Fiscal Year Ending June 30,	Total
2022	\$ 1,013,398
2023	673,672
2024	479,651
2025	312,186
2026	92,193
Total Lease Payments	\$ 2,571,100

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 FUND BALANCES**

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in a restatement of the governmental fund's miscellaneous special revenue fund and the fiduciary fund's custodial fund balance, as well as the government-wide financial statement's net position to properly reflect the opening balance of fund balances and net position as of July 1, 2020 based on the reclassification of previously presented fiduciary fund balances.

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position
<b>Fund Balance/Net Position (Deficit)</b>			
Beginning of Year, as Reported	\$ 20,380,889	\$ -	\$ (90,524,968)
<b>Assets</b>			
Cash	-	99,529	99,529
Cash - restricted	164,604	54,495	219,100
<b>Total Assets</b>	<b>164,604</b>	<b>154,024</b>	<b>318,629</b>
<b>Liabilities</b>			
Other liabilities	173,539	390	173,929
<b>Total Liabilities</b>	<b>173,539</b>	<b>390</b>	<b>173,929</b>
<b>Fund Balance/Net Position (Deficit)</b>			
Restricted for scholarships	(8,935)	54,495	45,561
Assigned unappropriated fund balance	-	99,139	99,139
<b>Total Fund Balance</b>	<b>(8,935)</b>	<b>153,634</b>	<b>144,700</b>
<b>Net increase (decrease) in fund balance</b>	<b>(8,935)</b>	<b>153,634</b>	<b>144,700</b>
<b>Fund Balance/Net Position (Deficit)</b>			
Beginning of Year, as Restated	\$ 20,371,954	\$ 153,634	\$ (90,380,268)

**SEAFORD UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 20 – SUBSEQUENT EVENTS**

Management of the District evaluated events through September 27, 2021 which is the date the financial statements were available to be issued, and noted the following:

- A) The District plans to issue tax anticipation note in the amount of \$5,000,000 on October 7, 2021 with a maturity date of June 23, 2022.
  
- B) The District applied for additional funding under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amount of \$1,745,945 for the Elementary and Secondary School Emergency Relief Program (ESSER) and \$286,193 for the Governor’s Emergency Education Relief Program (GEER), which was approved in July of 2021.

**SUPPLEMENTARY INFORMATION**

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**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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 49,510,534	\$ 49,510,534	\$ 49,510,534	\$ -
Other real property tax items	6,208,070	6,208,070	6,583,477	375,407
Charges for services	1,432,850	1,432,850	1,164,147	(268,703)
Use of money & property	135,000	135,000	89,540	(45,460)
Miscellaneous	227,500	333,500	551,154	217,654
<b>State Sources</b>				
Basic formula	7,440,463	7,373,335	6,875,101	(498,234)
Excess cost aid	1,794,940	1,794,940	1,883,911	88,971
Lottery aid	2,329,292	2,329,292	2,405,581	76,289
BOCES aid	1,982,364	1,982,364	1,686,089	(296,275)
Textbook aid	143,354	143,354	143,354	-
Computer software aid	32,097	32,097	39,772	7,675
Computer hardware aid	39,772	39,772	32,062	(7,710)
Library A/V loan program aid	16,890	16,890	16,593	(297)
Tuition for students with disabilities	-	-	56,615	56,615
Other state aid	-	-	212,605	212,605
<b>Federal Sources</b>				
Other Federal Aid, Cares Act	-	217,028	217,114	86
Medicaid reimbursement	42,950	42,950	27,319	(15,631)
<b>TOTAL REVENUES</b>	<u>71,336,076</u>	<u>71,591,976</u>	<u>71,494,968</u>	<u>(97,008)</u>
<b>Other Financing Sources</b>				
Premium on obligations	-	-	29,318	29,318
Transfers from other funds	72,500	72,500	70,848	(1,652)
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>71,408,576</u>	<u>71,664,476</u>	<u>\$ 71,595,134</u>	<u>\$ (69,342)</u>
Appropriated Fund Balance	650,000	650,000		
Appropriated Reserves	<u>1,233,512</u>	<u>1,233,512</u>		
<b>TOTAL REVENUES, OTHER SOURCES, APPROPRIATED FUND BALANCE &amp; RESERVES</b>	<u>\$ 73,292,088</u>	<u>\$ 73,547,988</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, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 47,589	\$ 47,589	\$ 34,488	\$ -	\$ 13,101
Central administration	302,605	311,719	317,867		(6,148)
Finance	720,414	732,285	725,851		6,434
Staff	264,860	307,625	298,402		9,223
Central services	4,667,737	5,285,987	4,491,324	129,619	665,044
Special items	709,181	709,181	703,952		5,229
Total General Support	6,712,386	7,394,386	6,571,884	129,619	692,883
<b>Instructional</b>					
Instruction, adm. & imp.	2,427,398	2,461,589	2,414,238	3,782	43,569
Teaching - regular school	21,775,389	21,771,080	21,176,233	7,200	587,647
Programs for children with handicapping conditions	10,573,900	10,427,200	9,277,090	3,000	1,147,110
Occupational education	1,072,768	1,114,262	1,066,314		47,948
Teaching special schools	169,772	152,806	64,944		87,862
Instructional media	3,796,531	3,790,298	3,444,340		345,958
Pupil services	3,714,999	3,711,750	3,130,450	13,466	567,834
Total Instruction	43,530,757	43,428,985	40,573,609	27,448	2,827,928
Pupil Transportation	3,450,137	3,706,696	3,537,098		169,598
Community Services	22,066	22,066	16,808		5,258
Employee Benefits	17,050,973	16,465,086	15,031,771	500	1,432,815
<b>Debt Service</b>					
Debt service - interest	50,000	50,000	45,660		4,340
<b>TOTAL EXPENDITURES</b>	70,816,319	71,067,219	65,776,830	157,567	5,132,822
<b>Other Financing Uses</b>					
Transfers to other funds	2,475,769	2,480,769	2,447,500	-	33,269
<b>TOTAL EXPENDITURES AND OTHER USES</b>	\$ 73,292,088	\$ 73,547,988	68,224,330	\$ 157,567	\$ 5,166,091
Change In Fund Balances			3,370,804		
Fund Balances - Beginning of Year as Restated (See Note 19)			20,371,954		
Fund Balances - End of Year			\$ 23,742,758		

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 YEARS ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 3,482,880	\$ 3,821,212	\$ 4,430,376	\$ 4,301,336
Interest	2,435,715	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	871,528	(9,406,771)	(9,761,351)	-
Benefit payments	<u>(3,493,893)</u>	<u>(3,381,103)</u>	<u>(3,510,180)</u>	<u>(3,442,385)</u>
<b>Net change in total OPEB liability</b>	3,296,230	(7,425,784)	(5,129,803)	4,538,499
<b>Total OPEB liability - beginning</b>	<u>108,467,904</u>	<u>115,893,688</u>	<u>121,023,491</u>	<u>116,484,992</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 111,764,134</u></u>	<u><u>\$ 108,467,904</u></u>	<u><u>\$ 115,893,688</u></u>	<u><u>\$ 121,023,491</u></u>
<b>Covered-employee payroll</b>	\$ 23,414,682	\$ 23,414,682	\$ 31,796,479	\$ 31,796,479
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	477.33%	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.

The discount rate was 2.16% as of June 30, 2021.

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\***

**NYSERS Pension Plan**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) asset	0.0199593%	0.0205158%	0.0209504%	0.0218275%	0.0212372%	0.0218783%	0.0222192%	0.0222192%
District's proportionate share of the net pension (liability) asset	\$ (19,874)	\$ (5,432,692)	\$ (1,484,402)	\$ (704,471)	\$ (1,995,496)	\$ (3,511,535)	\$ (750,620)	\$ (1,004,056)
District's covered payroll	\$ 5,715,589	\$ 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	0.35%	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	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

**NYSTRS Pension Plan**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) asset	0.171805%	0.168380%	0.171766%	0.171162%	0.175539%	0.171906%	0.171205%	0.174501%
District's proportionate share of the net pension (liability) asset	\$ (4,747,430)	\$ 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	\$30,804,102	\$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	15.41%	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	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

**SEAFORD UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
FOR THE LAST TEN FISCAL YEARS**

<b>NYSERS Pension Plan</b>										
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Contractually required contribution	\$ 825,101	\$ 775,951	\$ 829,997	\$ 837,252	\$ 773,346	\$ 775,064	\$ 1,058,737	\$ 1,066,333	\$ 1,114,250	\$ 798,408
Contributions in relation to the contractually required contribution	825,101	775,951	829,997	837,252	773,346	775,064	1,058,737	1,066,333	1,114,250	798,408
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$5,822,673	\$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
Contributions as a percentage of covered payroll	14.17%	13.70%	14.63%	15.06%	13.63%	14.74%	19.58%	20.60%	21.17%	15.69%
<b>NYSTRS Pension Plan</b>										
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Contractually required contribution	\$ 2,801,781	\$ 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
Contributions in relation to the contractually required contribution	2,801,781	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
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$29,736,093	\$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
Contributions as a percentage of covered payroll	9.42%	8.39%	10.05%	9.29%	10.70%	12.30%	16.06%	14.71%	10.62%	10.39%

**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, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 73,005,631
Add: Prior year's encumbrances		<u>286,457</u>
Original Budget		73,292,088
Budget revisions:		
CARES Act	\$ 149,900	
Repair reserve	100,000	
Donations	<u>6,000</u>	
		<u>255,900</u>
Final Budget		<u><u>\$ 73,547,988</u></u>

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

2021-22 voter approved expenditure budget		<u>\$ 74,717,812</u>
Maximum allowed (4% of the 2021-22 budget)		<u><u>2,988,712</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,005,141	
Unassigned fund balance	<u>5,081,593</u>	
Total unrestricted fund balance		6,086,734
Less:		
Appropriated fund balance	\$ 847,574	
Encumbrances included in assigned fund balance	157,567	
Unassigned - reserve for tax reduction	<u>2,127,029</u>	
Total adjustments		<u>3,132,170</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,954,564</u></u>
Actual percentage		3.95%

SEAFORD UNION FREE SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Capital Improvements - High School	\$ 14,542,919	\$ 14,942,201	\$ 14,163,164	\$ 660,739	\$ 14,823,903	\$ 118,298	\$ 12,195,297	\$ 79,800	\$ 2,307,103	\$ 14,582,200	\$ (241,703) *
Capital Improvements - Middle School	7,726,680	5,920,692	5,932,159		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	2,665,909		2,665,909	(37,971)	1,406,599	416,432	587,202	2,410,233	(255,676) *
Capital Improvements - Harbor School	4,982,571	4,994,736	3,618,522	447,063	4,065,585	929,151	1,600,161	322,000	3,049,640	4,971,801	906,216
Energy Performance Contract - General	3,289,503	3,289,503	3,279,303		3,279,303	10,200	3,289,503			3,289,503	10,200
<b>TOTAL</b>	<b>\$ 33,118,221</b>	<b>\$ 31,775,070</b>	<b>\$ 29,659,057</b>	<b>\$ 1,107,802</b>	<b>\$ 30,766,859</b>	<b>\$ 1,008,211</b>	<b>\$ 23,002,312</b>	<b>\$ 882,597</b>	<b>\$ 7,071,814</b>	<b>\$ 30,956,723</b>	<b>\$ 189,864</b>

\* 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, 2021**

<b>Capital assets, net</b>		<b>\$ 24,066,677</b>
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ (994,607)	
Long-term portion of bonds payable	(12,659,159)	
Short-term portion of energy performance debt	(264,091)	
Long-term portion of energy performance debt	(559,402)	
Less: unspent energy performance debt	10,200	
Less: deferred charges	<u>461,860</u>	
		<u>(14,005,199)</u>
<b>Net investment in capital assets</b>		<b><u>\$ 10,061,478</u></b>

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

To the Board of Education  
Seaford Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of Seaford Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 27, 2021.

#### **Internal Control over Financial Reporting**

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

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## Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP  
Islandia, NY  
September 27, 2021

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