

**SEAFORD UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 the District's total other post-employment benefits liability and related ratios, schedule of District's proportionate share of the net pension asset/(liability), and schedule of District's contributions on pages 1 through 15 and 58 through 62, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, 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, New York
October 5, 2023

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023, with an unassigned fund balance in its general fund of \$4,192,236. Of this amount, \$992,537 represents the reserve for tax reduction and the remaining \$3,199,699 represents the District’s unassigned fund balance. This balance represents funds that are neither restricted nor assigned for subsequent year’s taxes.
- On May 16, 2023, voters approved a total budget of \$80,479,174 for the fiscal ending June 30, 2024. This represents a 3.98% increase over the 2023 school fiscal year.
- New York State Law limits the amount of assigned and unassigned fund balance, excluding encumbrances and amounts designated for the subsequent year’s budget, which can be retained by the general fund up to 4.00% of the ensuing year’s budget. At the end of the current fiscal year, the District was within the statutory limit.
- On the District-Wide Financial Statements, the District received \$4,059,161 in charges for services and federal and state grants to support instructional, food service program and capital expenditures.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

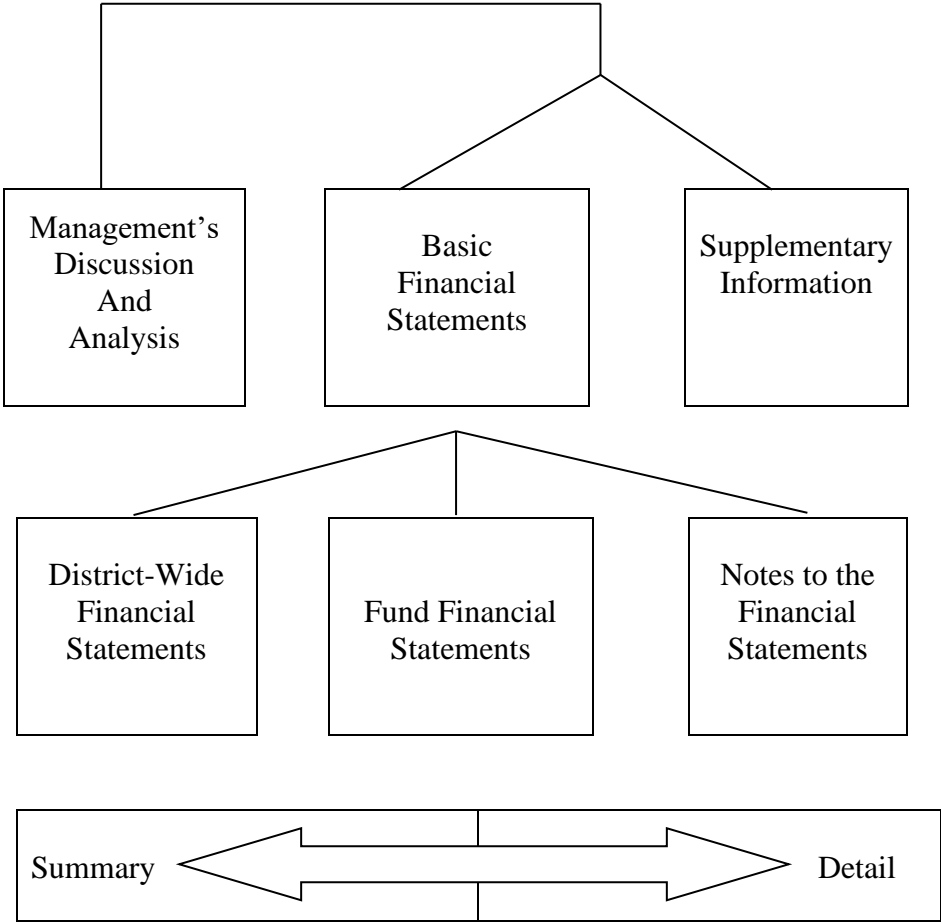
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.
 - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a custodian for the benefit of others.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

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
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease 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, 2023**

A) District-Wide Financial Statements:

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

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

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

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, build or finance 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 or amortization expense is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and intangible lease 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 and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets and amortize intangible lease assets and allocate the depreciation and amortization 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, 2023**

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 custodian 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 and flex spending plan contributions.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's total net deficit decreased by \$3,414,650 during the fiscal year ended June 30, 2023, as detailed in the Table below.

Condensed Statement of Net Position

	2023	2022	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 34,488,243	\$ 35,218,824	\$ (730,581)	(2.07%)
Non-current assets	30,618,749	27,094,124	3,524,625	13.01%
Net pension asset, proportionate share	-	31,852,122	(31,852,122)	(100.00%)
Total Assets	<u>65,106,992</u>	<u>94,165,070</u>	<u>(29,058,078)</u>	<u>(30.86%)</u>
Deferred outflows of resources	26,717,601	22,420,863	4,296,738	19.16%
Total assets and deferred outflows of resources	<u>91,824,593</u>	<u>116,585,933</u>	<u>(24,761,340)</u>	<u>(21.24%)</u>
Other liabilities	7,792,848	7,973,753	(180,905)	(2.27%)
Long-term liabilities	136,753,028	120,612,571	16,140,457	13.38%
Total Liabilities	<u>144,545,876</u>	<u>128,586,324</u>	<u>15,959,552</u>	<u>12.41%</u>
Deferred inflows of resources	19,228,974	63,364,516	(44,135,542)	(69.65%)
Total liabilities and deferred inflows of resources	<u>163,774,850</u>	<u>191,950,840</u>	<u>(28,175,990)</u>	<u>(14.68%)</u>
Net Position				
Net investment in capital assets	17,436,203	12,642,754	4,793,449	37.91%
Restricted	21,024,744	21,414,357	(389,613)	(1.82%)
Unrestricted (Deficit)	<u>(110,411,204)</u>	<u>(109,422,018)</u>	<u>(989,186)</u>	<u>(0.90%)</u>
Total net deficit	<u>\$ (71,950,257)</u>	<u>\$ (75,364,907)</u>	<u>\$ 3,414,650</u>	<u>4.53%</u>

Current and other assets decreased by \$730,581 or 2.07% due to a decrease in cash and cash equivalents and due from state and federal aid offset by an increase in due from other governments.

Non-current assets increased by \$3,524,625 or 13.01% due to additions exceeding total depreciation expense, loss on disposals, and amortization expense.

The change in net pension asset - proportionate share – employees' retirement system and the net pension asset - proportionate share – teachers' retirement system of \$31,852,122 because of changes in actuarial valuations provided by the State resulting in a net pension liability for 2023, as discussed in Note 13.

The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 13, changes in assumptions or other inputs for other post-employment benefits, as discussed in Note 15, as well as amortization on the deferred amounts on refundings as discussed in Note 12.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Other liabilities decreased by \$180,905 or 2.27% primarily due to a decrease in accounts payable offset by an increase in due to the teachers' retirement system.

Long-term liabilities increased by \$16,140,457 or 13.38% due to an increase in net pension liabilities and total other post-employment benefits obligation. The net pension liability - proportionate share – employees' retirement system and the net pension liability - proportionate share – teachers' retirement system because of changes in actuarial valuations provided by the State, as discussed in Note 13 and 15, respectively.

The changes in deferred inflows represent amortization of pension-related items as well as amortization related to total other post-employment benefits obligation, as discussed in Note 13 and 15, respectively.

The net investment in capital assets relates to the investment in capital assets at cost and intangible lease assets (and at the present value of future lease payments remaining on the lease term for intangible lease assets) such as land, construction in progress, buildings, building improvements, land improvements, furniture and equipment, and vehicles net of accumulated depreciation and amortization and related debt.

The restricted net position at June 30, 2023, relates to the District's reserve funds established for specific purposes. Restricted net position decreased by \$389,613 as a result of District usage exceeding contributions.

The unrestricted deficit increased by \$989,186 as a result of the activities shown on the following page.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B) Changes in Net Position:

The results of operations are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023, and 2022 is as follows:

Change in Net Position from Operating Results - Governmental Activities Only

	2023	2022	Increase (Decrease)	Total Percentage Change
Program Revenues				
Charges for services	\$ 1,943,151	\$ 1,659,430	\$ 283,721	17.10%
Operating grants and contributions	2,015,647	2,768,455	(752,808)	(27.19%)
Capital grants	100,363	2,109,030	(2,008,667)	(95.24%)
General Revenues				
Real property taxes & other tax items	58,062,084	56,674,647	1,387,437	2.45%
Use of money & property	670,927	104,698	566,229	540.82%
State sources	16,472,282	14,168,948	2,303,334	16.26%
Other	632,139	546,787	85,352	15.61%
Total Revenues	<u>79,896,593</u>	<u>78,031,995</u>	<u>1,864,598</u>	2.39%
Expenses				
General support	9,277,241	8,025,987	1,251,254	15.59%
Instruction	61,778,511	50,698,217	11,080,294	21.86%
Pupil transportation	4,100,787	4,014,079	86,708	2.16%
Community service	17,538	18,587	(1,049)	(5.64%)
Food service program	837,828	929,120	(91,292)	(9.83%)
Debt service - interest	470,038	449,669	20,369	4.53%
Total Expenses	<u>76,481,943</u>	<u>64,135,659</u>	<u>12,346,284</u>	19.25%
Total Change in Net Position	<u>\$ 3,414,650</u>	<u>\$ 13,896,336</u>	<u>\$ (10,481,686)</u>	(75.43%)

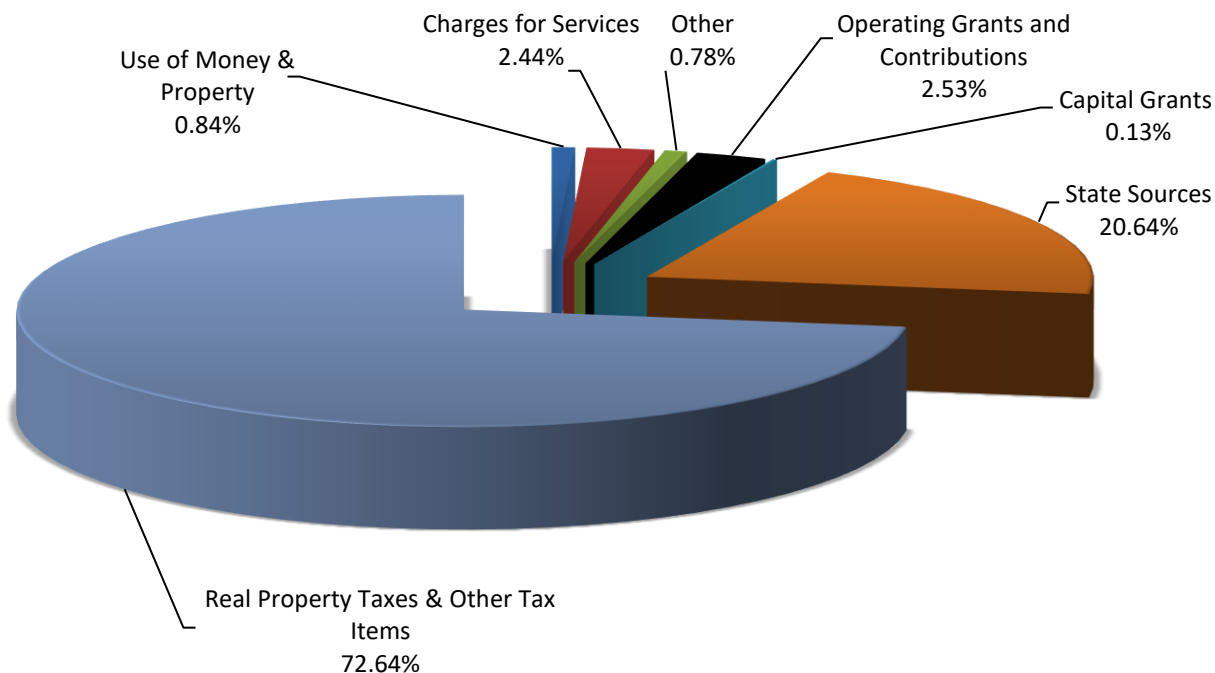
Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 72.64% and 20.64%, respectively, of total revenue. The remainder came from fees charged for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$76,481,943 for fiscal year ended June 30, 2023. These expenses are primarily related to instruction and general support, which account for 92.91% of District expenses.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

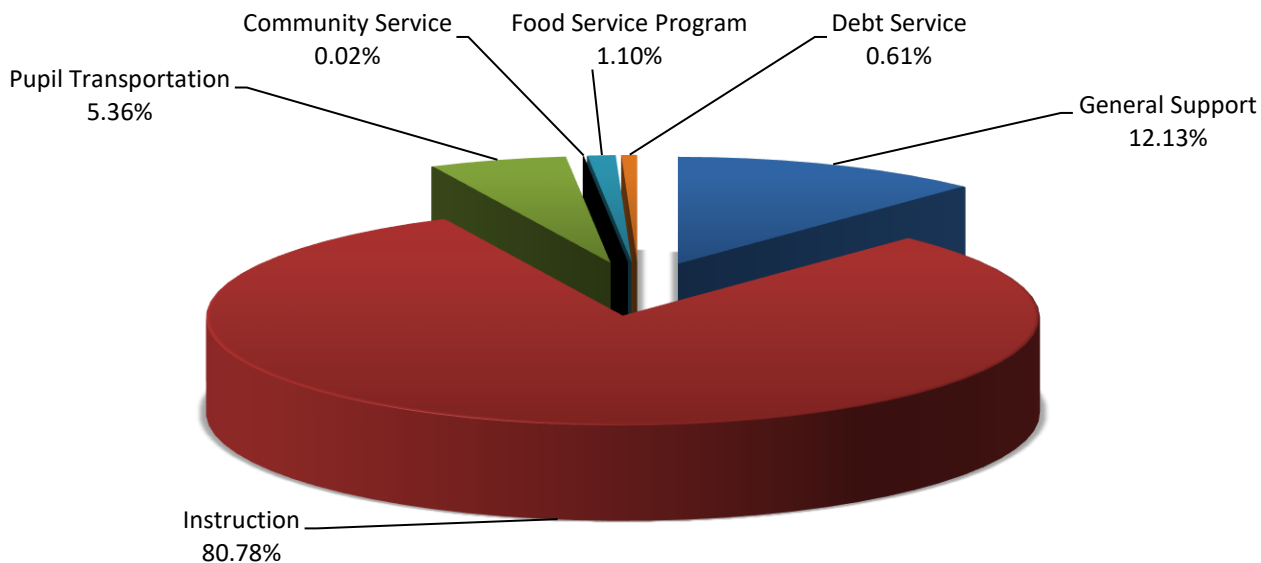
The users of the of the District’s programs financed \$1,943,151 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating and capital grants. Donations for scholarships provided support for programs as contributions. Most of the District’s net costs of \$72,422,782 were financed by District taxpayers and state sources.

Revenues for Fiscal Year Ended June 30, 2023:



**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Expenses for Fiscal Year Ended June 30, 2023:



4. FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$26,868,466 which is a decrease of \$569,941 from the prior year.

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

	2023	2022	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution				
Employees' retirement system	\$ 3,372,111	\$ 2,923,423	\$ 448,688	15.35%
Teachers' retirement system	2,654,758	2,004,177	650,581	32.46%
Restricted for capital	5,630,730	7,963,770	(2,333,040)	(29.30%)
Restricted for repairs	2,300,275	1,836,701	463,574	25.24%
Restricted for employee benefit accrued liability	4,344,838	4,214,280	130,558	3.10%
Restricted for workers' compensation	2,341,296	2,026,664	314,632	15.52%
Assigned - designated for subsequent year's expenditures	1,000,000	850,000	150,000	17.65%
Assigned - general support	5,000	10,321	(5,321)	(51.56%)
Assigned - instruction	1,150	2,377	(1,227)	(51.62%)
Unassigned - reserve for tax reduction	992,537	1,574,287	(581,750)	(36.95%)
Unassigned - other	3,199,699	2,957,164	242,535	8.20%
Total Fund Balance - General Fund	<u>25,842,394</u>	<u>26,363,164</u>	<u>(520,770)</u>	<u>(1.98%)</u>
School Lunch Fund				
Nonspendable: inventory	11,796	11,265	531	4.71%
Assigned - unappropriated fund balance	366,301	274,424	91,877	33.48%
Total Fund Balance - School Lunch Fund	<u>378,097</u>	<u>285,689</u>	<u>92,408</u>	<u>32.35%</u>
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	47,659	39,752	7,907	19.89%
Assigned unappropriated fund balance	116,837	154,814	(37,977)	(24.53%)
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>164,496</u>	<u>194,566</u>	<u>(30,070)</u>	<u>(15.45%)</u>
Capital Projects Fund				
Restricted for capital	249,947	-	249,947	100.00%
Restricted - Unspent debt proceeds	10,200	10,200	-	0.00%
Assigned - unappropriated fund balance	140,202	179,198	(38,996)	(21.76%)
Total Fund Balance - Capital Projects Fund	<u>400,349</u>	<u>189,398</u>	<u>210,951</u>	<u>111.38%</u>
Debt Service Fund				
Restricted for debt service	83,130	405,590	(322,460)	(79.50%)
Total Fund Balance - Debt Service Fund	<u>83,130</u>	<u>405,590</u>	<u>(322,460)</u>	<u>(79.50%)</u>
 Total Fund Balance - All Funds	 <u>\$ 26,868,466</u>	 <u>\$ 27,438,407</u>	 <u>\$ (569,941)</u>	 <u>(2.08%)</u>

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, 2023**

A) General Fund

The net change in fund balance in the general fund is a decrease of \$520,770 as a result of expenditures and other financing uses of \$77,370,493 exceeding revenues and other financing sources of \$76,849,723.

B) School Lunch Fund

The fund balance in the school lunch fund increased \$92,408. This is attributable to an increase in sales revenue, partially offset by a decrease in state and federal aid reimbursements as a result of the discontinuation of the free lunch to all students program that was being offered in the previous year by the Federal government as a response to the coronavirus pandemic.

C) Miscellaneous Special Revenue Fund

The net change in fund balance in the miscellaneous special revenue fund is due to total expenditures of \$404,679 exceeding revenue of \$374,609.

D) Capital Projects Fund

The fund balance in the capital projects fund increased by \$210,951. This increase was due to revenues and other financing sources exceeding expenditures. The District had \$100,363 in state sources, \$765,000 from general fund budgetary transfers to the capital projects fund, \$4,500,000 transfer from the capital reserve, and \$643,048 of other financing sources related to leases, offset by \$5,797,460 in capital outlay.

D) Debt Service Fund

The net change in fund balance in the debt service fund of \$322,460 is due to principal and interest payments on debt exceeding revenues and other financing sources.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-23 Budget:

The District's general fund budget for the year ended June 30, 2023, was \$77,396,951 This amount was increased by encumbrances carried forward from the prior year in the amount of \$12,698 and budget revisions of \$4,501,500, which resulted in a final budget of \$81,911,149 The majority of the funding was real property taxes and other real property tax items of \$58,009,237.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Opening Unassigned Fund Balance	\$ 2,957,164
Revenues and Other Financing Sources Over Budget	901,272
Expenditures, Other Financing Uses and Encumbrances Under Budget	4,534,506
Transfers to Reserves	(3,672,202)
Interest Allocated to Reserves	(521,041)
Appropriated for June 30, 2024 Budget	(1,000,000)
Closing, Unassigned Fund Balance	<u>\$ 3,199,699</u>

The opening unassigned fund balance of \$2,957,164 is the June 30, 2022, unassigned fund balance which excludes the amounts for the reserve for tax reduction.

The revenues and other financing sources over budget of \$901,272 was primarily related to the District receiving increased interest income and legislative aid. See Supplemental Schedule #1 for further detail.

The expenditures, other financing uses and encumbrances under budget of \$4,534,506 were primarily caused by a reduction in use for central services, teaching - regular school and programs for children with handicapping conditions.

The transfers to reserves of \$3,672,202 consists of \$400,000 to the employees' retirement contribution reserve, \$617,202 to the teachers' retirement contribution reserve, \$2,000,000 to the capital reserve, \$405,000 to the repair reserve, and \$250,000 to the workers' compensation reserve.

Interest earnings of \$521,041 were allocated to the reserves. Interest was allocated to the following reserves as follows: \$82,067 to the employees' and teachers' retirement reserve, \$166,960 to the capital reserve, \$58,574 to the repair reserve, \$130,558 to the employee benefit accrued liability reserve, and \$64,632 to the workers' compensation reserve. The District also allocated \$18,250 to the reserve for tax reduction.

The appropriated fund balance for June 30, 2024, budget of \$1,000,000 represents the amount the District has assigned to partially fund its 2023-24 budget.

The closing unassigned fund balance represents the fund balance that is retained by the District that is neither restricted nor assigned for subsequent year's taxes. The unassigned balance of \$3,199,699 is within the 4% of the 2023-2024 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, 2023**

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A) Capital Assets and Intangible Lease Assets:

The District paid for equipment and various building additions and renovations during the fiscal year 2023. A summary of the District's capital assets and intangible lease assets, net of accumulated depreciation and amortization, are as follows:

Capital Assets and Intangible Lease Assets (Net of Accumulated Depreciation and Amortization)

Category	Fiscal Year 2023	Fiscal Year 2022	Net Increase/ (Decrease)	Percentage Change
Land	\$ 1,517,000	\$ 1,517,000	\$ -	0.00%
Construction in Progress	5,154,412	2,959,497	2,194,915	74.17%
Buildings & Building Improvements	50,094,124	47,134,627	2,959,497	6.28%
Land Improvements	3,702,223	3,702,223	-	0.00%
Furniture & Equipment	7,564,468	7,363,903	200,565	2.72%
Vehicles	171,478	199,978	(28,500)	-14.25%
Subtotal	<u>68,203,705</u>	<u>62,877,228</u>	<u>5,326,477</u>	8.47%
Less: Accumulated Depreciation	<u>39,092,592</u>	<u>37,270,228</u>	<u>1,822,364</u>	4.89%
Total Capital Assets, Net	<u>\$29,111,113</u>	<u>\$25,607,000</u>	<u>\$3,504,113</u>	13.68%
Intangible Lease Assets, Net	<u>\$1,507,636</u>	<u>\$1,487,124</u>	<u>\$20,512</u>	1.38%

Depreciation expense and loss on disposal was \$2,631,998 and amortization was \$622,536 for fiscal year ended June 30, 2023. See Note 8 to the financial statements for additional information.

B) Long-Term Debt:

At June 30, 2023, the District had total bonds payable, net of unamortized premium of \$11,699,552. The District also had lease liability of \$1,606,995 and \$285,038 related to energy performance contract debt payable outstanding at year end.

Bonds payable, net of unamortized premium, decreased by \$1,069,607 as a result of principal payments on debt of \$995,000 plus amortization expense on bond premium of \$74,607.

The increase in lease liability is due to additions of \$643,048 offset by principal payments of \$643,048.

Energy performance contract debt payable decreased by \$274,364 as a result of principal payments on debt of \$274,364.

**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase/ Decrease
Bonds payable, net of unamortized premium	\$ 11,699,552	\$ 12,769,159	\$ (1,069,607)
Lease liability	1,606,995	1,583,660	23,335
Energy performance contract debt payable	285,038	559,402	(274,364)
Total	<u>\$ 13,591,585</u>	<u>\$ 14,912,221</u>	<u>\$ (1,320,636)</u>

Refer to Note 11 disclosure for further detail on the District’s long-term debt obligations.

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- A) The general fund budget for the 2023-2024 school year in the amount of \$80,479,174 was approved by the voters. This is an increase of \$3,082,223 or 3.98% 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 as a result of the impact of COVID-19 on the District’s future budgets.
- B) The District issued a tax anticipation note in the amount of \$5,000,000 on September 27, 2023, maturing on June 26, 2024, with a stated interest rate of 4.75%.
- 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) On September 1, 2023, Seaford had a limited breach of their network that affected four of their on-premises servers. These machines were infected with a ransomware variant called “Conti”, a Russian distribution known to target windows servers. Infected files on these servers are effectively “locked”. Backups, hosted at Nassau BOCES, are being used to complete the restoration of the compromised systems. To date, the District has no indication that District data is being held pending a ransom payment.

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
Dr. Adele Pecora, Superintendent of Schools
Interim 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, 2023

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 8,261,068
Restricted	20,775,941
Receivables	
Taxes receivable	1,125,926
Accounts receivable	21,374
State and federal aid	2,561,839
Due from other governments	1,730,299
Inventory	11,796
Non-current assets	
Capital assets	
Non-depreciable capital assets	6,671,412
Capital assets, net of accumulated depreciation	22,439,701
Intangible lease assets, net of accumulated amortization	1,507,636
TOTAL ASSETS	<u>65,106,992</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	21,167,593
Other post-employment benefits obligation	5,151,169
Deferred amounts on refundings	398,839
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,717,601</u>
LIABILITIES	
Payables	
Accounts payable	2,780,847
Accrued liabilities	747,651
Due to other governments	91
Due to teachers' retirement system	3,516,765
Due to employees' retirement system	188,597
Compensated absences	141,486
Other liabilities	38,466
Accrued interest payable	173,071
Unearned credits	
Collections in advance	205,874
Long-term liabilities	
Due and payable within one year	
Bonds payable, net of unamortized premium	1,089,607
Lease liability	627,833
Energy performance contract debt payable	285,038
Compensated absences payable	141,486
Workers' compensation claims payable	202,158
Due and payable after one year	
Bonds payable, net of unamortized premium	10,609,945
Lease liability	979,162
Compensated absences payable	5,370,165
Workers' compensation claims payable	2,160,084
Net pension liability-proportionate share-employees' retirement system	4,707,188
Net pension liability-proportionate share-teachers' retirement system	3,308,344
Total other post-employment benefits obligation	107,272,018
TOTAL LIABILITIES	<u>144,545,876</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,179,204
Other post-employment benefits obligation	17,049,770
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>19,228,974</u>
NET POSITION	
Net investment in capital assets	17,436,203
Restricted:	
Retirement contribution	
Employees' retirement system	3,372,111
Teachers' retirement system	2,654,758
Capital	5,880,677
Repair	2,300,275
Employee benefit accrued liability	4,344,838
Workers' compensation	2,341,296
Debt service	83,130
Scholarships and donations	47,659
	<u>21,024,744</u>
Unrestricted (deficit)	<u>(110,411,204)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (71,950,257)</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (9,277,241)	\$ -	\$ -	\$ -	\$ (9,277,241)
Instruction	(61,778,511)	1,278,237	1,692,468	100,363	(58,707,443)
Pupil transportation	(4,100,787)				(4,100,787)
Community service	(17,538)				(17,538)
Food service program	(837,828)	664,914	323,179		150,265
Debt service - interest	(470,038)				(470,038)
TOTAL FUNCTIONS AND PROGRAMS	\$ (76,481,943)	\$ 1,943,151	\$ 2,015,647	\$ 100,363	\$ (72,422,782)
GENERAL REVENUES					
Real property taxes					52,338,400
Other tax items - including STAR reimbursement					5,723,684
Use of money and property					670,927
Sale of property and compensation for loss					19,848
Miscellaneous					570,162
State sources					16,472,282
Medicaid reimbursement					42,129
TOTAL GENERAL REVENUES					75,837,432
CHANGE IN NET POSITION					3,414,650
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					(75,364,907)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					\$ (71,950,257)

**SEAFORD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 4,949,949	\$ 653,412	\$ 485,001	\$ 133,480	\$ 2,039,226	\$ -	\$ 8,261,068
Restricted	20,644,008			47,659	10,200	74,074	20,775,941
Receivables							
Taxes receivable	1,125,926						1,125,926
Accounts receivable	21,374						21,374
State and federal aid	385,652	1,926,050	16,290		233,847		2,561,839
Due from other governments	1,730,299						1,730,299
Due from other funds	2,624,362	94,897	96,974	2,043	304,017	9,056	3,131,349
Inventory			11,796				11,796
TOTAL ASSETS	<u>\$ 31,481,570</u>	<u>\$ 2,674,359</u>	<u>\$ 610,061</u>	<u>\$ 183,182</u>	<u>\$ 2,587,290</u>	<u>\$ 83,130</u>	<u>\$ 37,619,592</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Payables							
Accounts payable	\$ 841,472	\$ 110,853	\$ 47,942	\$ -	\$ 1,780,580	\$ -	\$ 2,780,847
Accrued liabilities	736,304	11,347					747,651
Due to other governments			91				91
Due to other funds	193,916	2,552,159	78,055	856	306,363		3,131,349
Due to teachers' retirement system	3,516,765						3,516,765
Due to employees' retirement system	188,597						188,597
Compensated absences	141,486						141,486
Other liabilities	20,636			17,830			38,466
Unearned credits							
Collections in advance			105,876		99,998		205,874
TOTAL LIABILITIES	<u>5,639,176</u>	<u>2,674,359</u>	<u>231,964</u>	<u>18,686</u>	<u>2,186,941</u>	<u>-</u>	<u>10,751,126</u>
FUND BALANCES							
Non-spendable: Inventory			11,796				11,796
Restricted:							
Retirement contribution							
Employees' retirement system	3,372,111						3,372,111
Teachers' retirement system	2,654,758						2,654,758
Capital	5,630,730				249,947		5,880,677
Repair	2,300,275						2,300,275
Employee benefit accrued liability	4,344,838						4,344,838
Workers' compensation	2,341,296						2,341,296
Capital - unspent debt proceeds					10,200		10,200
Debt service						83,130	83,130
Scholarships and donations				47,659			47,659
Assigned:							
Appropriated fund balance	1,000,000						1,000,000
Unappropriated fund balance	6,150		366,301	116,837	140,202		629,490
Unassigned							
Reserve for tax reduction	992,537						992,537
Unassigned fund balance	3,199,699						3,199,699
TOTAL FUND BALANCES	<u>25,842,394</u>	<u>-</u>	<u>378,097</u>	<u>164,496</u>	<u>400,349</u>	<u>83,130</u>	<u>26,868,466</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,481,570</u>	<u>\$ 2,674,359</u>	<u>\$ 610,061</u>	<u>\$ 183,182</u>	<u>\$ 2,587,290</u>	<u>\$ 83,130</u>	<u>\$ 37,619,592</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances \$ 26,868,466

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	\$ 68,203,705	
Accumulated depreciation	<u>(39,092,592)</u>	29,111,113

The present value cost of leasing assets 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 intangible leased assets among the assets of the district as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Original present value cost of intangible leased assets	\$ 2,744,099	
Accumulated amortization	<u>(1,236,463)</u>	1,507,636

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to 21,167,593

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to other post-employment benefits obligations that will be recognized as expenditures in future periods amounted to 5,151,169

Deferred outflows of resources - Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. At year end the District had deferred amounts on bond refunding which amounted to 398,839

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

Accrued interest on bonds and energy performance contract debt.	(173,071)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable, net of unamortized premium	\$ (11,699,552)	
Lease liability	(1,606,995)	
Energy performance contract debt payable	(285,038)	
Compensated absences payable	(5,511,651)	
Workers' compensation claims payable	(2,362,242)	
Net pension liability-proportionate share-employees' retirement system	(4,707,188)	
Net pension liability-proportionate share-teachers' retirement system	(3,308,344)	
Total other post-employment benefits obligation	<u>(107,272,018)</u>	(136,753,028)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to (2,179,204)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to other post-employment benefit obligations that will be recognized as a reduction in expense in future periods amounted to (17,049,770)

Total Net Position \$ (71,950,257)

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 52,338,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,338,400
Other tax items - including STAR reimbursement	5,723,684						5,723,684
Charges for services	946,055			332,182			1,278,237
Use of money and property	659,354					11,573	670,927
Sale of property and compensation for loss	19,848						19,848
Miscellaneous	520,912			42,427			563,339
State sources	16,472,282	484,944	10,477		100,363		17,068,066
Federal sources	42,129	1,165,097	252,516				1,459,742
Surplus food			60,186				60,186
Sales			664,914				664,914
TOTAL REVENUES	<u>76,722,664</u>	<u>1,650,041</u>	<u>988,093</u>	<u>374,609</u>	<u>100,363</u>	<u>11,573</u>	<u>79,847,343</u>
EXPENDITURES							
General support	6,945,570						6,945,570
Instruction	42,756,386	1,566,028		404,679			44,727,093
Pupil transportation	3,963,211	56,823					4,020,034
Community service	17,538						17,538
Employee benefits	16,902,492	79,105					16,981,597
Debt service - principal						1,269,364	1,269,364
Debt service - interest	157,778					355,320	513,098
Cost of sales			837,828				837,828
Capital outlay					5,797,460		5,797,460
TOTAL EXPENDITURES	<u>70,742,975</u>	<u>1,701,956</u>	<u>837,828</u>	<u>404,679</u>	<u>5,797,460</u>	<u>1,624,684</u>	<u>81,109,582</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,979,689</u>	<u>(51,915)</u>	<u>150,265</u>	<u>(30,070)</u>	<u>(5,697,097)</u>	<u>(1,613,111)</u>	<u>(1,262,239)</u>
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	49,250						49,250
Operating transfers in	77,809	51,915	19,952		5,265,000	1,290,651	6,705,327
Operating transfers (out)	(6,627,518)		(77,809)				(6,705,327)
Leases					643,048		643,048
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(6,500,459)</u>	<u>51,915</u>	<u>(57,857)</u>	<u>-</u>	<u>5,908,048</u>	<u>1,290,651</u>	<u>692,298</u>
NET CHANGE IN FUND BALANCES	<u>(520,770)</u>	<u>-</u>	<u>92,408</u>	<u>(30,070)</u>	<u>210,951</u>	<u>(322,460)</u>	<u>(569,941)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>26,363,164</u>	<u>-</u>	<u>285,689</u>	<u>194,566</u>	<u>189,398</u>	<u>405,590</u>	<u>27,438,407</u>
FUND BALANCES - END OF YEAR	<u>\$ 25,842,394</u>	<u>\$ -</u>	<u>\$ 378,097</u>	<u>\$ 164,496</u>	<u>\$ 400,349</u>	<u>\$ 83,130</u>	<u>\$ 26,868,466</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances \$ (569,941)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Increase in compensated absences payable	\$ (90,635)	
Increase in workers' compensation claims payable	<u>(501,948)</u>	(592,583)

Changes in the proportionate share of net pension asset/liability, and total other post employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Employees' retirement system	\$ (961,095)	
Teachers' retirement system	(1,016,885)	
Other post-employment benefits	<u>1,741,440</u>	(236,540)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and are expensed as incurred on the Statement of Activities:

Capital outlays	\$ 6,136,111	
Depreciation expense and loss on disposals	<u>(2,631,998)</u>	3,504,113

Capital outlays to lease 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 amortization expense in the Statement of Activities:

Capital lease outlays	\$ 643,048	
Amortization expense	<u>(622,536)</u>	20,512

Long-Term Debt Transaction Differences

Proceeds from leases are recorded as an other financing source in the governmental funds, but it increases long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities. (643,048)

Premiums and discounts on debt issuances and deferred amounts from debt refundings are recognized when incurred on the governmental fund statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount that was amortized in the current year was 22,795

Repayment of a bond principal is an expenditure in the governmental funds, but reduces bonds payable on the Statement of Net Position and does not affect the Statement of Activities. 995,000

Repayment of energy performance contract debt payable is reported as an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 274,364

Repayment of lease obligations principal is reported as an expenditure in the governmental funds, but reduces long-term lease liability in the Statement of Net Position and does not affect the Statement of Activities. 619,713

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by: 20,265

Change in Net Position \$ 3,414,650

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
JUNE 30, 2023**

	Custodial
ASSETS	
Cash and cash equivalents - restricted	\$ 46,070
TOTAL ASSETS	\$ 46,070
LIABILITIES	
Payroll flexible spending plan	\$ 46,070
TOTAL LIABILITIES	46,070
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	\$ -

**SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes collected for Library	\$ 2,228,488
Flexible spending plan contributions	81,496
TOTAL ADDITIONS	2,309,984
DEDUCTIONS	
Real property taxes disbursed to Library	2,228,488
Flexible spending plan reimbursements	81,496
TOTAL DEDUCTIONS	2,309,984
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (the “Board”) 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, 2023**

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, 2023**

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 custodian 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 includes the custodial fund, which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments.

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 bonds payable, lease liability, energy performance contract payable, compensated absences payable, workers' compensation claims payable, net pension liability, total other post-employment benefits obligation and claims and judgements, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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 of resources, liabilities and deferred inflows of resources, disclosure of contingent items at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of useful lives of capital assets and intangible lease assets, lease liability, compensated absences, workers’ compensation claims

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

payable, pension costs, total other post-employment benefits, and potential contingent liabilities, if applicable.

I) Cash and Cash Equivalents:

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

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

J) Receivables:

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

K) Inventory:

Inventory of food in the school lunch fund is 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. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	\$500	Straight-line	30 years
Land improvements	\$500	Straight-line	30 years
Furniture & equipment	\$500	Straight-line	10 years
Vehicles	\$500	Straight-line	5 years

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the District has not recorded any such impairment losses.

M) Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

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 amounts 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 total other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12, 13, and 15, respectively.

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, respectively.

O) Short-Term Debt:

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished using expendable, available resources of the fund.

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 receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

The District has issued and redeemed \$5,000,000 in tax anticipation notes in the fiscal year ended June 30, 2023. See Note 10 for further detail.

P) 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 \$25,141 in prepaid student meals and \$80,735 in unearned revenue on federal grants in the school lunch fund and \$99,998 of unearned revenue on federal grants in the capital projects fund.

Q) 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) and Section 457 plan.

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

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

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

R) 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 Section 403(b) and Section 457.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financials 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*.

S) Long-Term Debt:

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the debt service fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the District-Wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T) Equity Classifications:

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) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) 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 amounts).

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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fund Financial Statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not 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 \$11,796.

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:

Retirement Contribution Reserve - Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Capital Reserve - Capital reserve (EL§3651), must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of the 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 sources of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form of 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. The reserve is accounted for in the general fund and capital projects fund.

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.

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. The reserve is accounted for in the general fund.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Restricted for Unspent Debt Proceeds: Unspent debt 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.

Restricted for Debt Service - Debt service accumulates funds from unused bond proceeds and interest earnings. The accumulated funds must be used to offset the cost of the bond principal and interest payments. This reserve is accounted for in the debt service fund.

Restricted for Scholarships and Donations - Amounts restricted for scholarships and donations 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.

Unrestricted Resources: When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., Board). The District has no committed fund balances as of June 30, 2023.

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.

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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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. 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.

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

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

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

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 or financing of intangible lease assets in the Fund Financial Statements and depreciation and/or amortization 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 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.

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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 equivalents at June 30, 2023 included \$20,775,941 within the governmental funds for general reserves, scholarships and donations purposes, capital projects, debt service, and \$46,070 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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C) Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$20,325,081 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2023, are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	<u>\$ 11,364,310</u>	<u>\$ 11,364,310</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2023, the District was billed \$6,066,792 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$2,050,546. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2023 consisted of:

General Fund	
Excess cost aid	\$ 385,652
Special Aid Fund	
Federal grants	\$ 1,716,530
State grants	209,520
Total	<u>\$ 1,926,050</u>
School Lunch Fund	
Federal reimbursements	\$ 13,718
State reimbursements	2,572
Total	<u>\$ 16,290</u>
Capital Project Fund	
State grants	<u>\$ 233,847</u>
Total - All funds	<u><u>\$ 2,561,839</u></u>

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

General Fund	
Tuition and health services	\$ 190,999
BOCES aid	1,539,300
Total general fund	<u><u>1,730,299</u></u>

District management has deemed the amounts to be fully collectible.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets:

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,517,000	\$ -	\$ -	\$ 1,517,000
Construction in progress	2,959,497	5,154,412	(2,959,497)	5,154,412
Total capital assets not being depreciated	<u>4,476,497</u>	<u>5,154,412</u>	<u>(2,959,497)</u>	<u>6,671,412</u>
Capital assets being depreciated:				
Building & building improvements	47,134,627		2,959,497	50,094,124
Land improvements	3,702,223			3,702,223
Furniture and equipment	7,363,903	981,699	(781,134)	7,564,468
Vehicles	199,978		(28,500)	171,478
Total capital assets being depreciated	<u>58,400,731</u>	<u>981,699</u>	<u>2,149,863</u>	<u>61,532,293</u>
Less accumulated depreciation:				
Building & building improvements	29,990,562	1,534,256		31,524,818
Land improvements	2,396,277	137,150		2,533,427
Furniture and equipment	4,714,705	894,427	(731,987)	4,877,145
Vehicles	168,684	17,018	(28,500)	157,202
Total accumulated depreciation	<u>37,270,228</u>	<u>2,582,851</u>	<u>(760,487)</u>	<u>39,092,592</u>
Total capital assets being depreciated, net	21,130,503	(1,601,152)	2,910,350	22,439,701
Capital assets, net	<u>\$ 25,607,000</u>	<u>\$ 3,553,260</u>	<u>\$ (49,147)</u>	<u>\$ 29,111,113</u>

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

General support	\$ 1,685,655
Instruction	946,343
Total depreciation expense	<u>\$ 2,631,998</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B) Intangible Lease Assets:

The following schedule summarizes the District’s intangible lease asset activity for the fiscal year ended June 30, 2023:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture & equipment	\$ 2,101,051	\$ 643,048		\$ 2,744,099
Total intangible lease assets being amortized	2,101,051	643,048	-	2,744,099
Less accumulated amortization:				
Furniture & equipment	613,927	622,536		1,236,463
Total accumulated amortization	613,927	622,536	-	1,236,463
Total intangible lease assets, net	<u>\$ 1,487,124</u>	<u>\$ 20,512</u>	<u>\$ -</u>	<u>\$ 1,507,636</u>

Amortization expense of \$622,536 was charged to the governmental functions as instruction.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,624,362	\$ 193,916	\$ 77,809	\$ 6,627,518
Special aid fund	94,897	2,552,159	51,915	
School lunch fund	96,974	78,055	19,952	77,809
Miscellaneous special revenue fund	2,043	856		
Capital projects fund	304,017	306,363	5,265,000	
Debt service fund	9,056		1,290,651	
Totals	<u>\$ 3,131,349</u>	<u>\$ 3,131,349</u>	<u>\$ 6,705,327</u>	<u>\$ 6,705,327</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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	6/28/2023	2.75%	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

On September 14, 2022, the District issued a tax anticipation note (TAN) for \$5,000,000 that matured on June 28, 2023, with a net interest rate of 2.75%. 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 \$108,528 which consisted of interest expenditure of \$157,778 offset by the premium of \$49,250.

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
Bonds payable					
Serial bonds - refunded	\$ 12,135,000	\$ -	\$ (995,000)	\$ 11,140,000	\$ 1,015,000
Add: premium on obligation	634,159	-	(74,607)	559,552	74,607
Total bonds payable	12,769,159	-	(1,069,607)	11,699,552	1,089,607
Other liabilities:					
Lease liability	1,583,660	643,048	(619,713)	1,606,995	627,833
Energy performance contract debt payable	559,402	-	(274,364)	285,038	285,038
Compensated absences payable	5,421,016	152,553	(61,918)	5,511,651	141,486
Workers' compensation claims payable	1,860,294	524,936	(22,988)	2,362,242	202,158
Net pension liability-proportionate share-ERS	-	4,707,188	-	4,707,188	-
Net pension liability-proportionate share-TRS	-	3,308,344	-	3,308,344	-
Total other post-employment benefits obligation	98,419,040	12,326,788	(3,473,810)	107,272,018	-
Total other long-term liabilities	107,843,412	21,662,857	(4,452,793)	125,053,476	1,256,515
Total long-term liabilities	\$ 120,612,571	\$ 21,662,857	\$ (5,522,400)	\$ 136,753,028	\$ 2,346,122

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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%	\$ 8,495,000
Serial Bonds - Refunded	4/5/2022	7/1/2034	.55-3.25%	2,645,000
				<u>\$ 11,140,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,015,000	\$ 302,892	\$ 1,317,892
2025	1,060,000	259,622	1,319,622
2026	1,105,000	213,902	1,318,902
2027	1,145,000	175,250	1,320,250
2028	1,165,000	149,365	1,314,365
2029-2033	4,920,000	340,395	5,260,395
2034-2035	730,000	34,333	764,333
	<u>\$ 11,140,000</u>	<u>\$ 1,475,759</u>	<u>\$ 12,615,759</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) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$559,552 at June 30, 2023. This represents premiums received on the 2017 serial bond refunding. 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. As of June 30, 2023, the premiums recorded in the District-Wide Financial Statements consisted of:

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2017 Refunding</u>
Premium on bonds	\$ 969,891
Accumulated amortization	<u>(410,339)</u>
Premium on bonds, net of accumulated amortization	<u>\$ 559,552</u>

C) Lease Liability:

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 1.01% to 4.63%.

Principal and interest amounts paid on the District's lease liability amounted to \$619,713 and \$56,368, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

Fiscal Year Ended	Principal	Interest	Total
June 30,			
2024	\$ 627,833	\$ 35,488	\$ 663,321
2025	508,806	22,223	531,029
2026	331,853	10,967	342,820
2027	138,503	2,883	141,386
	<u>\$ 1,606,995</u>	<u>\$ 71,561</u>	<u>\$ 1,678,556</u>

D) Energy Performance Contract Debt Payable:

Energy performance debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Contract Debt Payable	4/11/2008	7/1/2023	3.89%	<u>\$ 285,038</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 285,038	\$ 11,088	\$ 296,126

E) Long-Term Interest:

Interest on long-term debt, leases, and energy performance contract debt for the year was composed of:

	Total
Interest paid	\$ 355,320
Less interest accrued in the prior year	(193,336)
Plus interest accrued in the current year	173,071
Less amortization of premium	(74,607)
Plus amortization of deferred amounts on refunding	51,812
Total expense	\$ 312,260

NOTE 12 – DEFERRED OUTFLOWS OF RESOURCES - DEFERRED AMOUNTS ON REFUNDINGS:

The deferred amounts pertaining to the 2017 and 2022 bond refunding, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2023 consisted of the following:

	2017 Bond	2022 Bond	Total
Deferred amounts	\$ 632,019	\$ 38,340	\$ 670,359
Accumulated amortization	(267,393)	(4,127)	(271,520)
Net deferred amounts on refundings	\$ 364,626	\$ 34,213	\$ 398,839

These deferred amounts on refunding are being amortized on the District-Wide Financial Statements using the straight-line method the life of the bond and is recorded as an increase to interest expense on the District-Wide Statement of Activities. Amortization for the fiscal year ended June 30, 2023 was \$51,812.

NOTE 13 – PENSION PLANS:

A) Provisions and Administration:

i) Teachers’ Retirement System

The District participates in the New York State Teachers’ Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

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

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 and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members’ payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS’ fiscal year ended March 31. The District’s contribution rates for ERS’ fiscal year ended March 31, 2023, ranged from 8.20% to 13.10% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers’ Retirement Board establishes rates annually for TRS. The District’s contribution rate for the TRS’ fiscal year ended June 30, 2023, was 10.29% of covered payroll.

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 based on covered payroll for the District’s year end were:

	NYSERS	NYSTRS
2023	\$ 785,970	\$ 3,191,971
2022	\$ 817,742	\$ 2,993,189
2021	\$ 825,101	\$ 2,801,781

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District’s proportion of the net pension asset/(liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (4,707,188)	\$ (3,308,344)
District's portion of the Plan's total net pension asset/(liability)	0.0219510%	0.172409%
Change in proportion since the prior measurement date	0.0003920%	0.000860%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$1,737,581 for ERS, and \$4,207,406 for TRS. At June 30, 2023 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	\$ 501,352	\$ 3,466,726	\$ 132,196	\$ 66,293
Changes of assumptions	2,286,114	6,417,628	25,266	1,332,695
Net difference between projected and actual earnings on pension plan investments	-	4,274,694	27,655	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	639,181	201,330	420,580	174,519
District's contributions subsequent to the measurement date	188,597	3,191,971	-	-
	<u>\$ 3,615,244</u>	<u>\$ 17,552,349</u>	<u>\$ 605,697</u>	<u>\$ 1,573,507</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, 2024. 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:		
2023	\$ -	\$ 2,502,042
2024	697,694	1,290,298
2025	(181,127)	(528,668)
2026	1,017,451	8,389,584
2027	1,286,932	1,078,372
Thereafter	-	55,243
	<u>\$ 2,820,950</u>	<u>\$ 12,786,871</u>

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, 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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions 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 pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real rate</u>	<u>Allocation</u>	<u>expected real rate of return</u>
Domestic equity	32%	4.30%	33%	6.5%
International equity	15%	6.85%	16%	7.2%
Global equity			4%	6.9%
Private equity	10%	7.50%	8%	9.9%
Real estate	9%	4.60%	11%	6.2%
Opportunistic/ absolute return strategy	3%	5.38%		
Real assets	3%	5.84%		
Credit	4%	5.43%		
Cash	1%	0.00%		
Fixed income	23%	1.50%	16%	1.1%
Global bonds			2%	0.6%
High-yield bonds			1%	3.3%
Private debt			2%	5.3%
Real estate debt			6%	2.4%
Cash equivalents			1%	-0.3%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Sensitivity of the Proportionate Share of the Net Pension Asset/(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 6.95% for TRS, as well as what the District’s proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	\$ (11,375,255)	\$ (4,707,188)	\$ 864,757
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset/(liability)	\$ (30,504,483)	\$ (3,308,344)	\$ 19,563,431

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)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,474)
Plan Fiduciary Net Position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$188,597.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the System in September, October, and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023, amounted to \$3,516,765, which includes amounts withheld from employees.

NOTE 14 - PENSION PLANS- OTHER:

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, 2023, totaled \$309,906 and \$2,081,219, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$231,720.

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

A) 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.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 81.5% of premiums for retirees, 74% and 81.5% 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, 2023, the District contributed an estimated \$3,473,810 to the Plan, including \$3,473,810 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	384
Active employees	<u>224</u>
Total	<u><u>608</u></u>

B) Total OPEB Liability:

The District’s total OPEB liability of \$107,272,018 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021. 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, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Discount rate	3.65%
Healthcare cost trend rates	
Pre 65	6.0% decreasing to 3.80% in 2073
Post 65	5.10% decreasing to 3.70% in 2090
Salary scale	2.40%
Retirees' share of benefit-related costs	18.5-26% for individuals, 18.5-26% for family, and 100% for surviving spouses.

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Mortality rates were based on the PubT- 2010 headcount-weighted mortality table for teaching positions and PubG-2010 headcount-weighted mortality table for non-teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

The actuarial assumptions used in the July 1, 2021, valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. 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.

C) Changes in Total OPEB Liability:

Balance at June 30, 2022	\$	98,419,040
Changes for the fiscal year:		
Service cost		3,010,546
Interest		3,529,655
Effect of plan changes		-
Effect of demographic gains or losses		
Changes in assumptions or other inputs		5,786,587
Benefit payments		(3,473,810)
Net changes in total OPEB liability		8,852,978
Balance at June 30, 2022	\$	107,272,018

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% percent in 2022 to 3.65% percent in 2023.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 124,722,915	\$ 107,272,018	\$ 93,179,175

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (4.10%) or 1-percentage-point higher (6.10%) than the current healthcare cost trend rates:

	1% Decrease (4.10%)	Healthcare Cost Trend Rates (5.10%)	1% Increase (6.10%)
Total OPEB liability	<u>\$ 89,952,238</u>	<u>\$ 107,272,018</u>	<u>\$ 129,546,740</u>

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense (credit) of \$1,732,365. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,534	\$ (7,404,372)
Changes of assumptions or other inputs	5,119,635	(9,645,398)
	<u>\$ 5,151,169</u>	<u>\$ (17,049,770)</u>

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:	
2024	\$ (4,807,836)
2025	(4,520,736)
2026	(1,680,097)
2027	(1,318,569)
2028	428,637
Thereafter	-
	<u>\$ (11,898,601)</u>

NOTE 16 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$1,000,000 has been appropriated at year end to reduce taxes for the fiscal year ending June 30, 2024.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE:

The following is a summary of the District’s restricted capital reserve activity since inception:

	<u>Capital Reserve</u>
Date Created	2018
Number of Years to Fund	10
Maxium Funding	\$ 20,000,000

General Fund	<u>Total</u>
Funding Provided	\$ 11,100,000
Interest Earnings	192,730
Use of Reserve	(5,662,000)
Total General Fund	<u>\$ 5,630,730</u>

Capital Fund	
Funding Provided	5,662,000
Use of Reserve	(5,412,053)
Total Capital Projects Fund	<u>249,947</u>

Balance as of June 30, 2023	<u><u>5,880,677</u></u>
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The District established the capital reserve in 2018, with a 10-year term with a \$20,000,000 maximum funding limit.

NOTE 18 – 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, 2023, the District has recorded potential workers’ compensation claims of \$2,362,242 and has a workers’ compensation reserve balance of \$2,341,296 in the general fund.

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2023	2022
Unpaid claims at beginning of year	\$ 1,860,294	\$ 1,803,912
Incurred claims and claim adjustment expenses	524,936	103,367
Claims payments	(22,988)	(46,985)
Unpaid claims at year end	\$ 2,362,242	\$ 1,860,294

C) Public Entity Risk Pool:

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

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2023, the District encumbered the following amounts:

General support	\$ 5,000
Instruction	1,150
	\$ 6,150

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.

NOTE 20 – SUBSEQUENT EVENTS

Management of the District evaluated events through October 5, 2023 which is the date the financial statements were available to be issued, and noted the following:

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- A) The District issued a tax anticipation note in the amount of \$5,000,000 on September 27, 2023, maturing on June 26, 2024, with a stated interest rate of 4.75%.

- B) On September 1, 2023, Seaford had a limited breach of their network that affected four of their on-premises servers. These machines were infected with a ransomware variant called “Conti”, a Russian distribution known to target windows servers. Infected files on these servers are effectively “locked”. Backups, hosted at Nassau BOCES, are being used to complete the restoration of the compromised systems. To date, the District has no indication that District data is being held pending a ransom payment.

SUPPLEMENTARY INFORMATION

**SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 52,282,996	\$ 52,282,996	\$ 52,338,400	\$ 55,404
Other real property tax items	5,726,241	5,726,241	5,723,684	(2,557)
Charges for services	1,425,000	1,425,000	946,055	(478,945)
Use of money and property	80,000	80,000	659,354	579,354
Sale of property and compensation for loss	-	-	19,848	19,848
Miscellaneous	222,500	224,000	520,912	296,912
State Sources				
Basic formula	8,823,737	8,823,737	8,976,881	153,144
Excess cost aid	1,953,129	1,953,129	1,975,731	22,602
Lottery aid	3,070,609	3,070,609	3,070,609	-
BOCES aid	1,973,348	1,973,348	2,050,546	77,198
Textbook aid	193,430	193,430	138,927	(54,503)
Computer software aid	39,000	39,000	38,604	(396)
Computer hardware aid	30,861	30,861	22,955	(7,906)
Library A/V loan program aid	16,100	16,100	16,106	6
Tuition for students with disabilities	-	-	22,936	22,936
Other state aid	-	-	158,987	158,987
Federal Sources				
Medicaid reimbursement	40,000	40,000	42,129	2,129
TOTAL REVENUES	<u>75,876,951</u>	<u>75,878,451</u>	<u>76,722,664</u>	<u>844,213</u>
Other Financing Sources				
Premiums on obligations	-	-	49,250	49,250
Transfers from other funds	70,000	70,000	77,809	7,809
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>75,946,951</u>	<u>75,948,451</u>	<u>\$ 76,849,723</u>	<u>\$ 901,272</u>
Appropriated Fund Balance	850,000	850,000		
Appropriated Reserves	612,698	5,112,698		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 77,409,649</u>	<u>\$ 81,911,149</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 BALANCE -
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 51,300	\$ 53,380	\$ 41,060	\$ -	\$ 12,320
Central administration	348,450	352,627	346,451		6,176
Finance	789,207	791,619	765,734		25,885
Staff	296,450	476,100	407,710		68,390
Central services	4,602,722	5,120,449	4,403,700	5,000	711,749
Special items	760,300	994,404	980,915		13,489
Total General Support	<u>6,848,429</u>	<u>7,788,579</u>	<u>6,945,570</u>	<u>5,000</u>	<u>838,009</u>
Instruction					
Instruction, adm. & imp.	2,664,299	2,646,447	2,611,881	1,150	33,416
Teaching - regular school	22,079,501	22,692,270	22,216,646		475,624
Programs for children with handicapping conditions	11,471,119	10,606,315	9,652,467		953,848
Occupational education	1,080,218	1,201,885	1,145,795		56,090
Teaching special schools	181,473	182,008	57,561		124,447
Instructional media	3,798,135	4,106,624	3,503,457		603,167
Pupil services	3,808,237	3,690,307	3,568,579		121,728
Total Instruction	<u>45,082,982</u>	<u>45,125,856</u>	<u>42,756,386</u>	<u>1,150</u>	<u>2,368,320</u>
Pupil Transportation	4,626,755	4,414,532	3,963,211		451,321
Community Services	20,000	20,000	17,538		2,462
Employee Benefits	18,650,832	17,776,664	16,902,492		874,172
Debt Service					
Debt service - principal					-
Debt service - interest	55,000	158,000	157,778		222
TOTAL EXPENDITURES	<u>75,283,998</u>	<u>75,283,631</u>	<u>70,742,975</u>	<u>6,150</u>	<u>4,534,506</u>
Other Financing Uses					
Transfers to other funds	2,125,651	6,627,518	6,627,518	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 77,409,649</u>	<u>\$ 81,911,149</u>	<u>77,370,493</u>	<u>\$ 6,150</u>	<u>\$ 4,534,506</u>
Change in Fund Balance			(520,770)		
Fund Balances - Beginning of Year			<u>26,363,164</u>		
Fund Balances - End of Year			<u>\$ 25,842,394</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 CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 3,010,546	\$ 3,218,117	\$ 3,482,880	\$ 3,821,212	\$ 4,430,376	\$ 4,301,336
Interest	3,529,655	2,447,714	2,435,715	4,131,361	3,711,352	3,572,336
Effect of plan changes	-	-	-	(62,921)	-	-
Effect of demographic gains or losses	-	(9,885,110)	-	(2,527,562)	-	107,212
Changes of assumptions or other inputs	5,786,587	(5,783,689)	871,528	(9,406,771)	(9,761,351)	-
Benefit payments	(3,473,810)	(3,342,126)	(3,493,893)	(3,381,103)	(3,510,180)	(3,442,385)
Net change in total OPEB liability	<u>8,852,978</u>	<u>(13,345,094)</u>	<u>3,296,230</u>	<u>(7,425,784)</u>	<u>(5,129,803)</u>	<u>4,538,499</u>
Total OPEB liability - beginning	<u>98,419,040</u>	<u>111,764,134</u>	<u>108,467,904</u>	<u>115,893,688</u>	<u>121,023,491</u>	<u>116,484,992</u>
Total OPEB liability - ending	<u>\$ 107,272,018</u>	<u>\$ 98,419,040</u>	<u>\$ 111,764,134</u>	<u>\$ 108,467,904</u>	<u>\$ 115,893,688</u>	<u>\$ 121,023,491</u>
Covered-employee payroll	\$ 23,593,376	\$ 23,593,376	\$ 23,414,682	\$ 23,414,682	\$ 31,796,479	\$ 31,796,479
Total OPEB liability as a percentage of covered-employee payroll	454.67%	417.15%	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.

The discount rate was 3.54% as of June 30, 2022.

The discount rate was 3.65% as of June 30, 2023.

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

NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0219510%	0.0223428%	0.0199593%	0.0205158%	0.0209504%	0.0218275%	0.0212372%	0.0218783%	0.0222192%
District's proportionate share of the net pension asset/(liability)	\$ (4,707,188)	\$ 1,826,430	\$ (19,874)	\$ (5,432,692)	\$ (1,484,402)	\$ (704,471)	\$ (1,995,496)	\$ (3,511,535)	\$ (750,620)
District's covered payroll	\$ 6,372,997	\$ 5,990,831	\$ 5,822,673	\$ 5,721,381	\$ 5,444,243	\$ 5,459,752	\$ 5,479,693	\$ 5,291,510	\$ 5,200,321
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	73.86%	30.49%	0.34%	94.95%	27.27%	12.90%	36.42%	66.36%	14.43%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.172409%	0.173268%	0.171805%	0.168380%	0.171766%	0.171162%	0.175539%	0.171906%	0.171205%
District's proportionate share of the net pension asset/(liability)	\$ (3,308,344)	\$ 30,025,692	\$ (4,747,430)	\$ 4,374,535	\$ 3,105,973	\$ 1,300,999	\$ (1,880,097)	\$ 17,855,568	\$ 19,071,205
District's covered payroll	\$ 30,860,097	\$ 29,736,093	\$ 30,804,102	\$ 29,696,638	\$ 29,529,139	\$ 29,703,462	\$ 29,189,976	\$ 28,192,688	\$ 27,973,042
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.72%	(100.97%)	15.41%	14.73%	10.52%	4.38%	6.44%	63.33%	68.18%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

*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**

NYSERS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 785,970	\$ 817,742	\$ 825,101	\$ 775,951	\$ 829,997	\$ 837,252	\$ 773,346	\$ 775,064	\$ 1,058,737	\$ 1,066,333
Contributions in relation to the contractually required contribution	<u>785,970</u>	<u>817,742</u>	<u>825,101</u>	<u>775,951</u>	<u>829,997</u>	<u>837,252</u>	<u>773,346</u>	<u>775,064</u>	<u>1,058,737</u>	<u>1,066,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,167,195	\$ 5,980,623	\$ 5,822,673	\$ 5,664,240	\$ 5,671,824	\$ 5,560,091	\$ 5,671,824	\$ 5,259,599	\$ 5,406,744	\$ 5,176,465
Contributions as a percentage of covered payroll	12.74%	13.67%	14.17%	13.70%	14.63%	15.06%	13.63%	14.74%	19.58%	20.60%

NYSTRS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,191,971	\$ 2,993,189	\$ 2,801,781	\$ 2,583,639 *	\$ 2,984,797	\$ 2,741,910	\$ 3,178,872	\$ 3,591,795	\$ 4,526,707	\$ 4,109,575
Contributions in relation to the contractually required contribution	<u>3,191,971</u>	<u>2,993,189</u>	<u>2,801,781</u>	<u>2,583,639</u>	<u>2,984,797</u>	<u>2,741,910</u>	<u>3,178,872</u>	<u>3,591,795</u>	<u>4,526,707</u>	<u>4,109,575</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,325,661	\$ 30,860,097	\$ 29,736,093	\$ 30,804,102	\$ 29,696,638	\$ 29,529,139	\$ 29,706,482	\$ 29,189,976	\$ 28,192,688	\$ 27,943,042
Contributions as a percentage of covered payroll	10.19%	9.70%	9.42%	8.39%	10.05%	9.29%	10.70%	12.30%	16.06%	14.71%

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 77,396,951
Add: Prior year's encumbrances		12,698
Original Budget		77,409,649
Budget revisions:		
Capital reserve	\$ 4,500,000	
Donations	1,500	
		4,501,500
Final Budget		\$ 81,911,149

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget		\$ 80,479,174
Maximum allowed (4% of the 2023-24 budget)		\$ 3,219,167
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,006,150	
Unassigned fund balance	4,192,236	
Total unrestricted fund balance		5,198,386
Less:		
Appropriated fund balance	\$ 1,000,000	
Encumbrances included in assigned fund balance	6,150	
Unassigned - reserve for tax reduction	992,537	
Total adjustments		1,998,687
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$ 3,199,699
Actual percentage		3.98%

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing						Fund Balance June 30, 2023
			Prior Year's	Current Year	Total		Proceeds of Obligations	Federal Aid	State Aid	Local Sources	Other Financing Sources - Leases	Total	
Capital Improvements - High School	\$ 20,010,626	\$ 20,392,408	\$ 15,133,694	\$ 4,614,739	\$ 19,748,433	\$ 516,083	\$ 12,195,297	\$ -	\$ 463,253	\$ 7,553,983	\$ -	\$ 20,212,533	\$ 464,100
Capital Improvements - ESSER HS	1,138,343	1,138,343	761,627	6,133	767,760	370,584		761,627				761,627	(6,133) *
Capital Improvements - Middle School	7,924,235	6,115,948	6,107,767	53,256	6,161,023	89,712	4,510,752		274,571	1,269,869		6,055,192	(105,831) *
Capital Improvements - ESSER MS	607,602	607,602	462,647	10,168	472,815	134,787		462,647				462,647	(10,168) *
Capital Improvements - Manor School	2,938,414	2,843,702	2,845,222	143,195	2,988,417	(144,715)	1,406,599		626,638	871,302		2,904,539	(83,878) *
Capital Improvements - Harbor School	5,586,221	5,598,389	5,136,096	326,921	5,463,017	135,373	1,600,161		354,336	3,640,579		5,595,076	132,059
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
Leases	2,226,708	2,226,708	1,583,660	643,048	2,226,708	-					2,226,708	2,226,708	-
TOTAL	<u>\$ 43,721,652</u>	<u>\$ 42,212,603</u>	<u>\$ 35,310,016</u>	<u>\$ 5,797,460</u>	<u>\$ 41,107,475</u>	<u>\$ 1,112,023</u>	<u>\$ 23,002,312</u>	<u>\$ 1,224,274</u>	<u>\$ 1,718,798</u>	<u>\$ 13,335,733</u>	<u>\$ 2,226,708</u>	<u>\$ 41,507,825</u>	<u>\$ 400,349</u>

* The deficit balance will be eliminated once permanent funding is obtained from debt obligations and state sources.

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net		\$	29,111,113
Intangible lease assets, net			1,507,636
Add:			
Deferred amounts on refundings			398,839
Deduct:			
Short-term portion of bonds payable, net of unamortized premium	\$ 1,089,607		
Long-term portion of bonds payable, net of unamortized premium	10,609,945		
Short-term portion of lease liability	627,833		
Long-term portion of lease liability	979,162		
Short-term portion of energy performance contract debt payable	285,038		
Less: unspent debt proceeds	<u>(10,200)</u>		
			<u>(13,581,385)</u>
Net investment in capital assets		\$	<u>17,436,203</u>

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

To the Board of Education
Seaford Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Seaford Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2023.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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*.

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, New York
October 5, 2023