

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 19, 2022

NEW ISSUE

TAX ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The District will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

**SEAFORD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

**\$5,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")**

Date of Issue: September 14, 2022

Maturity Date: June 28, 2023

The Notes are general obligations of the Seaford Union Free School District, in Nassau County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "Tax Levy Limit Law" herein).

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on August 30, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about September 14, 2022.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

August , 2022

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



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NASSAU COUNTY, NEW YORK**

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Carmen T. Ouellette, District Clerk
Cristina Spinelli, District Treasurer
Rhonda L. Meserole, Assistant Superintendent for Business and Operations

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* * *

BOND COUNSEL

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* * *

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No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT

**SEAFORD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

Relating To

**\$5,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")**

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Seaford Union Free School District in the County of Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$5,000,000* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has affected education, travel, commerce, financial markets globally and economic growth worldwide. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. (See "RISK FACTORS" and "IMPACT OF COVID-19" herein.)

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Rhonda L. Meserole, CPA, Assistant Superintendent for Business and Operations, Seaford Union Free School District, 1600 Washington Avenue, Seaford, NY 11783 telephone number (516) 592-4030, Fax (516) 592-4049, e-mail: rmeserole@seaford.k12.ny.us.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Book-entry-only System

In the event that the Notes are issued in book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

*Preliminary, subject to change

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2022-2023 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2022-2023 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2022-2023 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Chapter 97 of the New York Laws of 2011, as amended. See "*Tax Levy Limit Law*" herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "*Tax Levy Limit Law*" or "*Law*"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year to year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes, and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*," herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes

from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

THE DISTRICT

Description

The District comprises an area of approximately 5.3 square miles and has a population of 16,418 based on the American Community Survey. The District is located in the southeastern corner of the Town of Hempstead (“the Town”) in the southeastern portion of Nassau County (“the County”) approximately 28 miles east of mid-town Manhattan. Other school districts which border on the District include the Massapequa Union Free School District on the east, the Levittown Union Free School District on the north, and the Wantagh Union Free School District on the north and west. The southern boundary of the District is the South Oyster Bay and the Atlantic Ocean, and includes a portion of the Jones Beach State Park.

The District is primarily residential in character and includes some commercial enterprises. Residential development consists mainly of single-family homes. Commercial activity is located on Sunrise Highway and Merrick Road. Due to excellent highway and commuter rail facilities, District residents are afforded employment opportunities at business and governmental operations in New York City, other parts of Long Island, Westchester County and New Jersey.

Police protection is provided by Nassau County; fire protection is provided by the Seaford Fire District and the Wantagh Fire District, both of which have mutual aid agreements with other fire districts in Nassau County. Electricity and natural gas are supplied by PSEG Long Island and National Grid, telephone service by Verizon, and water by the New York Water Service Corp. Recreational facilities include Town parks and the Jones Beach State Park as well as other municipal parks, golf courses, and recreational facilities located throughout Nassau County.

The Long Island Railroad, with a station in Seaford, provides commuter rail service to Manhattan and Brooklyn. The extensive highway network serving the District includes Sunrise Highway (N.Y.S. Route 27) and Merrick Road (N.Y.S. Route 27A) and the Seaford-Oyster Bay Expressway (N.Y.S. Route 135) which provides access to the Southern State Parkway, the Long Island Expressway, and the Northern State Parkway.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the “Board”). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and a Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent for Business and Operations, the District Treasurer and the District Clerk.

Enrollment History

The following table presents the past and current school enrollment for the District.

<u>School Year</u>	<u>School Enrollment</u>
2018	2,282
2019	2,290
2020	2,260
2021	2,200
2022	2,191

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

<u>School Year</u>	<u>School Enrollment</u>
2023	2,254
2024	2,253
2025	2,241
2026	2,249
2027	2,229

Source: District Officials.

District Facilities

The District operates four schools and offices; statistics relating to each are shown below.

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Capacity</u>
Seaford Harbor	K-5	1963	960
Seaford Manor	K-5	1955	870
Middle School	6-8	1964	1320
Senior High School	9-12	1956	1560

Employees

The District provides services through approximately 503 employees who are represented by the following units of organized labor, plus non-union employees not represented.

<u>Name of Union</u>	<u>Expiration Date of Contract^a</u>	<u>Approx. No. of Members</u>
United Teachers of Seaford	04/30/24	235
Seaford Association of Educational Office Personnel	06/30/26	25
United Public Service Employees' Union Local 424	06/30/22 ^b	26
Seaford Association of School Administrators	06/30/26	14
CSEA Local 865 (Aides and Monitors)	06/30/20 ^b	185
Seaford School District Registered Nurses	06/30/22 ^b	7
Confidential Employees	06/30/23	6
Non-Bargaining (Central Administration)	06/30/23	5

Source: District Officials.

a. Contracts expired as of June 30, 2022 are currently in negotiations.

b. Pending Memorandum of Agreement.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The information set forth below with respect to the Town and County is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the District is necessarily representative of the Town or County or vice versa.

<u>Year</u>	<u>Hempstead</u>	<u>Nassau County</u>
1990	725,639	1,287,348
2000	755,924	1,334,544
2010	769,040	1,339,532
2020	766,765	1,355,683

Source: U.S. Bureau of the Census.

Income Data

The information set forth below with respect to the Town, County and State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$20,955	\$28,153	\$35,433	\$46,869
County of Nassau	23,352	32,151	40,912	53,363
State of New York	16,501	23,389	30,948	40,898

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$52,286	\$69,083	\$89,878	\$114,822
County of Nassau	54,283	72,030	96,626	120,036
State of New York	32,965	43,393	55,603	71,117

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2016-2020)

Selected Listing of Larger Employers in Nassau County^a
(As of 2022)

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Verizon Communications	Telecommunications	5,600
Hofstra University	Higher Education	5,545
Nassau Health Care Corp. (NuHealth)	Hospital, Nursing Home	4,110
All Metro Health Care	Home Health Care	4,000
BOCES - Nassau	Education	3,900
South Nassau Communities Hospital	Hospital	3,000
Nassau Community College	Higher Education	2,036
Citi	Commercial Bank	2,000
Adelphi University	Higher Education	1,863
Summit Security Services	Security and Investigations	1,827

Source: Nassau County Planning Dept.; Long Island Business News.

a. Not necessarily representative of the District.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Town of Hempstead. The information set forth below with respect to such Town, Nassau County and New York State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, the County, or the State, or vice versa.

<u>Annual Averages:</u>	<u>Town of Hempstead</u>	<u>Nassau County</u>	<u>New York State</u>
2017	4.2	4.0	4.6
2018	3.7	3.5	4.1
2019	3.6	3.4	4.0
2020	8.9	8.4	10.0
2021	5.1	4.8	7.2
2022 (5 Month Average)	3.3	3.1	4.7

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See "*The Tax Levy Limit Law*" herein).

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principle amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Debt Contracting Margin
(As of August 19, 2022)

<u>In Town of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Hempstead (2021-2022) ^a	\$3,504,788	0.19%	\$1,844,625,263
Debt Limit - 10% of Average Full Valuation			\$184,462,526
Inclusions: ^b			
Outstanding Bonds			\$11,140,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>11,140,000</u>
Exclusions (Estimated Building Aid) ^c			<u>5,458,600</u>
Total Net Indebtedness			<u>5,681,400</u>
Net Debt Contracting Margin			<u><u>\$178,781,126</u></u>
Per Cent of Debt Contracting Margin Exhausted			3.08%

- a. The latest completed assessment rolls for which a State Equalization Rate have been established.
- b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.
- c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.

Details of Short-Term Indebtedness Outstanding

As of the date of the Official Statement, the District has no short-term debt outstanding.

Trend of Outstanding Indebtedness
As at June 30:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$15,590,000	\$14,720,000	\$13,825,000	\$12,945,000	\$12,135,000
BANs	0	0	0	0	0
EPC	<u>1,557,902</u>	<u>1,322,380</u>	<u>1,077,696</u>	<u>823,493</u>	<u>559,402</u>
Totals:	<u><u>\$17,147,902</u></u>	<u><u>\$16,042,380</u></u>	<u><u>\$14,902,696</u></u>	<u><u>\$13,768,493</u></u>	<u><u>\$12,694,402</u></u>

Source: Audited Financial Statements of the District.

Debt Service Requirements - Outstanding Bonds ^a

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 995,000	\$ 333,559	\$ 1,328,559
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	1,190,000	126,635	1,316,635
2030	1,215,000	100,907	1,315,907
2031	1,240,000	72,848	1,312,848
2032	1,275,000	40,006	1,315,006
2033	235,000	18,471	253,471
2034	245,000	11,800	256,800
2035	250,000	4,063	254,063
Totals:	<u>\$12,135,000</u>	<u>\$1,809,318</u>	<u>\$13,944,318</u>

a. Does not include payments made to date.

Debt Service Requirements – Installment Purchase Debt ^a

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$274,364	\$21,761	\$296,125
2024	285,038	11,088	296,126
Totals:	<u>\$559,402</u>	<u>\$32,849</u>	<u>\$592,251</u>

a. Does not include payments made to date.

Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes, which borrowing is necessitated by the schedule of real property tax payments. The following is a history of such tax anticipation note borrowings for the five most recent fiscal years:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>
2018	\$5,000,000	09/21/2017	06/21/2018
2019	5,000,000	09/14/2018	06/26/2019
2020	5,000,000	09/15/2019	06/25/2020
2021	5,000,000	10/01/2020	06/24/2021
2022	5,000,000	10/07/2021	06/23/2022

Authorized and Unissued Debt

The District has no authorized but unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	04/30/22	1.27	\$48,109,009	\$44,972,275
Town of Hempstead	06/05/22	2.80	<u>13,454,292</u>	<u>10,052,867</u>
Totals			<u>\$61,563,301</u>	<u>\$55,025,142</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements

Debt Ratios (As of August 19, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$11,140,000	\$ 679	0.604
Net Direct Debt	5,681,400	346	0.308
Total Direct & Applicable Total Overlapping Debt	72,703,301	4,428	3.941
Net Direct & Applicable Net Overlapping Debt	60,706,542	3,698	3.291

a. The current population of the District is 16,418.

b. The full valuation of taxable real property in the District for 2021-22 is \$1,844,625,263.

FINANCES OF THE DISTRICT

Impact of COVID-19

In December of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted as the second act of federal relief in response to COVID-19. The CRRSA Act provides approximately \$4.3 billion to support schools in the State, with the funds available to be spent through September 2023. This in addition to the \$1.2 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding, which can be spent through September 2022. The CRRSA Act provides the State with \$4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and \$323 million through the Governor’s Emergency Education Relief (GEER) Fund. Districts may generally use these funds for broad purposes, including general operating and pandemic-related costs such as purchasing personal protective equipment. Additionally, the State has been allocated approximately \$9.0 billion under the American Rescue Plan (ARP) Act’s Elementary and Secondary School Emergency Relief Fund (ESSER).

The District has received \$217,000 in CARES Act funding. The District is expected to receive a total of \$3,163,795 through CRRSA and ARP funding. See also “*State Aid*” herein.

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2021. A copy of such report is included herein as Appendix C.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a custodial fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real 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 and the related expenditures are incurred.

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

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

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See "*The Levy Limit Law*" herein).

On May 17, 2022, a majority of the voters of the District approved the District's budget for the 2022-2023 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2021-2022 and 2022-2023 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See "*Tax Information*" herein.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending <u>June 30:</u>	General Fund <u>Total Revenue</u>	<u>State Aid</u>	State Aid to <u>Revenues (%)</u>
2017	\$64,079,631	\$12,242,631	19.11
2018	65,715,046	12,617,145	19.20
2019	67,514,382	13,164,503	19.50
2020	69,043,149	13,160,079	19.06
2021	71,494,938	13,351,683	18.68
2022 (Budgeted)	74,717,812	14,820,869	19.84
2023 (Budgeted)	77,396,951	16,100,216	20.80

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted revenues include the application of reserves and fund balance.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2021-22 Enacted Budget provided \$29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represented an increase of \$3.0 billion or 11.3 percent compared to the 2020-21 school year, and included a \$41.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase was targeted to high-need school districts.

The State's 2021-22 Enacted Budget also provided \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund to public schools. This funding available for use over multiple years, was designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

The State's 2022-23 Enacted Budget provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07% and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2022-23 Enacted Budget also increases the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Enacted Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of state aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance law to provide operating funds by borrowing in anticipation of the receipt of uncollected State Aid.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. (See also “*School district fiscal year (2021-2022)*” under the subheading “*Events Affecting State Aid to New York School Districts*” herein.)

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students’ Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding State funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students’ Educational Rights v. New York State case, following through on the State’s commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State’s prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of Foundation Aid funding is set forth below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

Events Affecting State Aid to New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 pandemic has affected and is expected to continue to affect State aid to school district.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): The State's 2019-2020 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated \$13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2% compared to the 2021-2022 school year and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 school year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Risk Factors*").

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The last audit conducted by OSC was released on June 8, 2022. The purpose of the audit was to determine whether the District used resources to provide the mental health component of the New York State Schools Against Violence in Education Act (SAVE Act) training requirement to staff. The complete report can be obtained from OSC's website.

References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Employee Pension System

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. ERS employees contribute 3% of their salaries and TRS employees contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. This new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 5 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, various forms of legislation have been enacted that permitted school districts to amortize a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the amounts budgeted for the 2022 and 2023 fiscal years.

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
2017	\$3,178,872	\$ 773,346
2018	2,741,910	837,252
2019	2,984,797	829,997
2020	2,583,639	775,951
2021	2,801,781	825,101
2022 (Budgeted)	3,408,870	1,183,272
2023 (Budgeted)	3,650,000	1,004,332

Source: District Officials.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost. Those that have more than 100 participants are required to have a full actuarial valuation annually. Plans with fewer than 100 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2021 is as follows:

Total OPEB Liability at June 30, 2020	<u>\$108,467,904</u>
Charges for the Year:	
Service Cost	3,482,880
Interest	2,435,715
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes in Assumptions or Other Inputs	871,528
Benefit Payments	<u>(3,493,893)</u>
Net Changes	<u>3,296,230</u>
Total OPEB Liability at June 30, 2021	<u><u>\$111,764,134</u></u>

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the County. Assessment valuations are determined by the assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

The following table sets forth the amount of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, inclusive and for the amounts budgeted for the 2022 and 2023 fiscal years.

Fiscal Year <u>Ending June 30:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2017	\$64,079,631	\$42,093,324	65.69
2018	65,715,046	43,424,245	66.08
2019	67,514,382	44,786,876	66.34
2020	69,043,149	47,159,132	68.30
2021	71,595,134	49,510,534	69.15
2022 (Budgeted) ^a	74,717,812	55,871,869	74.78
2023 (Budgeted) ^a	77,396,951	57,240,730	73.96

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues do not include appropriations of fund balance.

Tax Collection Procedure

In Nassau County, property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The town tax receiver pays to each school district the amounts collected therefore on the first day of each month from October 1 to June 1. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a town charge.

On or before June 1, the town tax receiver files a report of any uncollected school district taxes with the County. The County thereafter on or before June 15 pays to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in recent years, this has not always been the case as some of these payments have been delayed.

Pursuant to an Executive Order of the Governor dated August 5, 2020, in Nassau County the deadline that first half 2020-2021 school district taxes shall be due and payable was changed from October 1, 2020 to November 1, 2020; and the deadline by which the first half 2020-2021 school district taxes may be paid without interest or penalties was changed from November 10, 2020 to December 10, 2020, with payments made after such date to be subject to interest and penalties beginning on December 11, 2020. Such extension resulted in a delay in the receipt of taxes collected and paid to school districts by the Town tax receiver and by the County in accordance with the procedures set forth above. As a result of this delay, the District issued Tax Anticipation Notes in October of 2020 in the amount of \$5,000,000.

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately 10% of the District’s 2021-2022 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 10% of the District’s 2022-2023 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See “*State Aid*” herein).

Valuations, Rates and Levies

The following table sets forth District’s assessed and full valuations, tax rates and levies for each of the years 2018 through 2022.

Fiscal Year <u>Ending June</u> <u>30:</u>	Assessed <u>Valuation</u>	State Equal. <u>Rate (%)</u>	<u>Full Valuation</u>	<u>Tax Levy</u>	Tax Rate Per \$1,000 Assessed <u>Valuation</u>
2018	\$5,306,699	0.25	\$2,122,679,600	\$50,252,558	\$9,469.65
2019	5,259,108	0.24	2,191,295,000	51,606,229	9,812.73
2020	5,191,360	0.22	2,359,709,091	53,146,179	10,237.43
2021	3,257,143	0.18	1,809,523,889	55,047,849	16,900.65
2022	3,504,788	0.19	1,844,625,263	55,871,869	15,941.58

Source: Nassau County Assessor’s Office.

Selected Listing of Large Taxable Properties in the District
2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Keyspan	Utility	\$239,827
NY Water Service Corp.	Utility	76,354
Amdon Equities	Commercial	55,014
Inland Diversified Seaford Merrick	Commercial	54,324
JS 3660 Sunrise Realty LLC	Commercial	48,385
Treasure Island Marina	Commercial	40,742
Verizon New York Inc.	Utility	30,729
Sunrise Realty Assoc LLC	Commercial	29,785
3760 Jerusalem Ave LLC	Commercial	28,106
JDM Realty Co.	Commercial	25,321
	Total ^a	<u><u>\$628,587</u></u>

Source: Nassau County Assessor's Office.

a. Represents 17.94 % of the Assessed Valuation of the District for 2021-2022.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

Child Victim's Act Claims – A lawsuit has been commenced against the District under the Child Victim's Act. The plaintiff alleges instances of sexual assault by a former District employee. The District denies all allegations and liability in the lawsuit. The District's insurer at the time of the incident is providing a defense for the claim. However, they have not indicated whether any coverage is available for the claim. Should the plaintiff be successful in the action against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through budgetary appropriations or through the issuance of bonds.

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 pandemic and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "*The Tax Levy Limit Law*" under "*TAX INFORMATION*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) or such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix D hereto.

DISCLOSURE UNDERTAKING

In order to assist the purchasers of the Notes in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will execute an “Undertaking to Provide Notices of Events”, substantially in the form of which is attached hereto as Appendix E.

RATING

The Notes are not rated. Moody’s Investors Service (“Moody’s”) has assigned a rating of “Aa2” to the outstanding bonds of the District. This rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody’s, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds or the availability of a secondary market for such Bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the District: Rhonda L. Meserole, CPA, Assistant Superintendent for Business and Operations, Seaford Union Free School District, 1600 Washington Avenue, Seaford, New York 11783 telephone number (516) 592-4030, Fax (516) 592-4049, e-mail: rmeserole@seaford.k12.ny.us or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District’s management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those

projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions or unauthorized editing or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or owners of any of the Notes.

By: s/s ANDREA PARISI
President of the Board of Education
Seaford Union Free School District
Seaford, New York

August , 2022

APPENDIX A

FINANCIAL INFORMATION

**Balance Sheet
General Fund**

	Fiscal Year Ended June 30:	
	2020	2021
Assets:		
Cash - Unrestricted	\$ 5,024,206	\$ 7,232,315
Cash - Restricted	13,545,250	17,656,024
Taxes Receivable	1,907,363	1,417,031
Accounts Receivable	16,380	10,965
Due From State And Federal	272,756	347,276
Due From Other Governments	1,959,370	1,012,194
Due From Other Funds	2,663,184	1,253,975
Total Assets	\$ 25,388,509	\$ 28,929,780
Liabilities		
Accounts Payable	772,905	435,093
Accrued Liabilities	474,626	435,886
Due to Other governments		
Due To Other Funds	479,020	855,565
Due to Teachers' Retirement System	2,780,369	3,028,608
Due to Employees' Retirement System	224,113	258,705
Compensated Absences	63,982	168,777
Other Liabilities		4,388
Total Liabilities	\$ \$4,795,015	\$ \$5,187,022
Deferred Inflows of Resources:		
Deferred Revenues	\$ 212,605	\$
Fund Equity:		
Restricted	\$ 13,545,250	\$ 17,656,024
Assigned	936,457	1,005,141
Unassigned	5,899,182	5,081,593
Total Fund Equity	20,380,889	23,742,758
Total Liabilities and Fund Equity	\$ 25,388,509	\$ 28,929,780

Source: Audited Annual Financial Report of the District (2020-2021)

Note: This Schedule is NOT audited.

Statement of Revenues, Expenditures and Fund Balances
General Fund

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 42,093,324	\$ 43,424,245	\$ 44,786,876	\$ 47,159,132	\$ 49,510,534
Other Tax Items	7,925,743	7,737,983	7,613,358	6,743,531	6,583,447
Charges for Services	1,532,998	1,503,524	1,448,787	1,371,223	1,164,147
Use of Money and Property	77,011	193,311	217,957	259,858	89,540
Sale of Property & Compensation for Loss		16,022			
State Sources	12,242,631	12,617,145	13,164,503	13,160,079	13,351,683
Federal Sources	40,119	49,691	29,811	67,625	244,433
Miscellaneous	167,805	170,125	253,090	281,701	551,154
Total Revenues	64,079,631	65,712,046	67,514,382	69,043,149	71,494,938
Expenditures:					
General Support	5,232,205	5,819,073	5,626,688	5,876,798	6,571,884
Instruction	37,351,808	38,977,032	39,579,358	39,902,081	40,573,609
Pupil Transportation	2,555,048	2,791,388	2,807,183	2,058,431	3,537,098
Community Services	15,674	15,982	16,412	15,112	16,808
Employee Benefits	14,298,083	14,510,864	15,166,578	14,897,723	15,031,771
Debt Service	39,929	41,973	107,708	80,556	45,660
Total Expenditures	59,492,747	62,156,312	63,303,927	62,830,701	65,776,830
Excess (Deficit) Revenues Over Expenditures	4,586,884	3,555,734	4,210,455	6,212,448	5,718,108
Other Financing Sources (Uses):					
Premiums on Obligations				28,600	29,318
Interfund Transfers In	67,467	71,412	72,496	70,126	70,848
Interfund Transfers Out	(2,481,758)	(2,404,859)	(2,398,405)	(3,553,997)	(2,447,500)
Total Other Financing Sources	(2,414,291)	(2,333,447)	(2,325,909)	(3,455,271)	(2,347,334)
Net Change In Fund Equity	2,172,593	1,222,287	1,884,546	2,757,177	3,370,774
Fund Balance Beginning of Fiscal Year	12,503,290	14,675,883	15,898,170	17,782,716	20,380,888
Prior Period Adjustment				(159,005)	(8,904)
Fund Balance End of Fiscal Year	\$ 14,675,883	\$ 15,898,170	\$ 17,782,716	\$ 20,380,888	\$ 23,742,758

Sources: Audited Annual Financial Reports of the District (2017-2021)

Note: This Schedule is NOT audited.

Budget Summaries

	Fiscal Year End June 30:	
	2022-2023 ¹	2021-2022 ²
Revenues:		
Real Property Taxes	\$ 57,240,730	\$ 55,871,869
Payments In Lieu of Taxes	768,505	675,000
Other Revenues	1,837,500	1,902,500
State Aid	16,100,216	14,820,869
Reserves & Fund Balance	1,450,000	1,447,574
Total Revenues	\$ 77,396,951	\$ 74,717,812
Expenditures:		
General Support	\$ 6,858,108	\$ 6,802,554
Instruction	45,080,605	43,636,244
Pupil Transportation	4,626,755	3,935,050
Interfund Transfers	2,125,651	2,574,019
Employee Benefits	18,650,832	17,719,945
Debt Service	55,000	50,000
Total Expenditures	\$ 77,396,951	\$ 74,717,812

1. Approved by the voters of the District on May 17, 2022.

2. Approved by the voters of the District on May 18, 2021.

APPENDIX B

CASH FLOWS

SEAFORD UNION FREE SCHOOL DISTRICT

CASH FLOW SUMMARY 2021-22 (Actual)

(General Fund Only)

(000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	7,232	1,547	1,997	118	1,122	17,983	13,146	13,966	9,070	9,694	5,872	18,365	7,232 a.
Receipts													
Property Taxes		1,464		3,124	21,319	2,284	913			2,267	17,998	3,919	53,288
PILOT					163		28					566	757
STAR Payment							5,228						5,228
State Aid	85	289	2,767	53	53	503	53	248	6,459			1,559	12,069
Tuition/Health Services	67	179	14	9		156	155	71	185	66	5	33	940
Other Receipts	197	600	159	556	664	338	211	256	351	65	1,259	48	4,704
TAN Proceeds				5,044									5,044
Total Receipts	349	2,532	2,940	8,786	22,199	3,281	6,588	575	6,995	2,398	19,262	6,125	82,030
Disbursements													
Operating Expenses	4,415	1,900	4,637	7,600	5,156	7,736	5,586	5,289	6,189	6,038	5,506	10,194	70,246
Transfers													0
Public Library	182	182	182	182	182	182	182	182	182	182	182	182	2,184
Debt Service	1,437					200							1,637
TAN Principal											1,081	3,919	5,000
TAN Interest												53	53
Total Disbursements	6,034	2,082	4,819	7,782	5,338	8,118	5,768	5,471	6,371	6,220	6,769	14,348	79,120
Balance	1,547	1,997	118	1,122	17,983	13,146	13,966	9,070	9,694	5,872	18,365	10,142	10,142
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	1,081	0
Receipts	0	0	0	0	0	0	0	0	0	0	1,081	3,919	5,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	1,081	0	0

a. Opening balance for 2021 excludes approximately \$17.6 million Restricted Reserves

SEAFORD UNION FREE SCHOOL DISTRICT

CASH FLOW SUMMARY 2022-23 (Projected)

(General Fund Only)

(000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	10,142	4,095	4,517	8,215	2,821	18,924	13,769	13,995	8,728	10,942	6,728	17,447	10,142 a.
Receipts													
Property Taxes		1,429		2,549	21,308	2,229	891			2,213	17,567	3,825	52,011
PILOT					165		28					575	768
STAR Payment							5,229						5,229
State Aid	114	386	3,691	71	71	671	71	330	8,616			2,079	16,100
Tuition/Health Services	68	182	14	9		157	157	72	187	67	5	33	951
Other Receipts	43	600	34	120	144	73	46	55	76	14	272	860	2,337
TAN Proceeds			5,000										5,000
Total Receipts	225	2,597	8,739	2,749	21,688	3,130	6,422	457	8,879	2,294	17,844	7,372	82,396
Disbursements													
Operating Expenses	4,623	1,989	4,855	7,957	5,399	8,099	5,848	5,538	6,479	6,322	5,764	10,672	73,545
Transfers													0
Public Library	186	186	186	186	186	186	186	186	186	186	186	186	2,232
Debt Service	1,463						162						1,625
TAN Principal											1,175	3,825	5,000
TAN Interest												125	125
Total Disbursements	6,272	2,175	5,041	8,143	5,585	8,285	6,196	5,724	6,665	6,508	7,125	14,808	82,527
Balance	4,095	4,517	8,215	2,821	18,924	13,769	13,995	8,728	10,942	6,728	17,447	10,011	10,011
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	1,175	0
Receipts	0	0	0	0	0	0	0	0	0	0	1,175	3,825	5,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	1,175	0	0

a. Opening balance for 2022 excludes approximately \$17.6 million Restricted Reserves

SEAFORD UNION FREE SCHOOL DISTRICT

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

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

SEAFORD UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Seaford Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Seaford Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis on Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 58 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

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

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

The following is a discussion and analysis of the Seaford Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

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

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

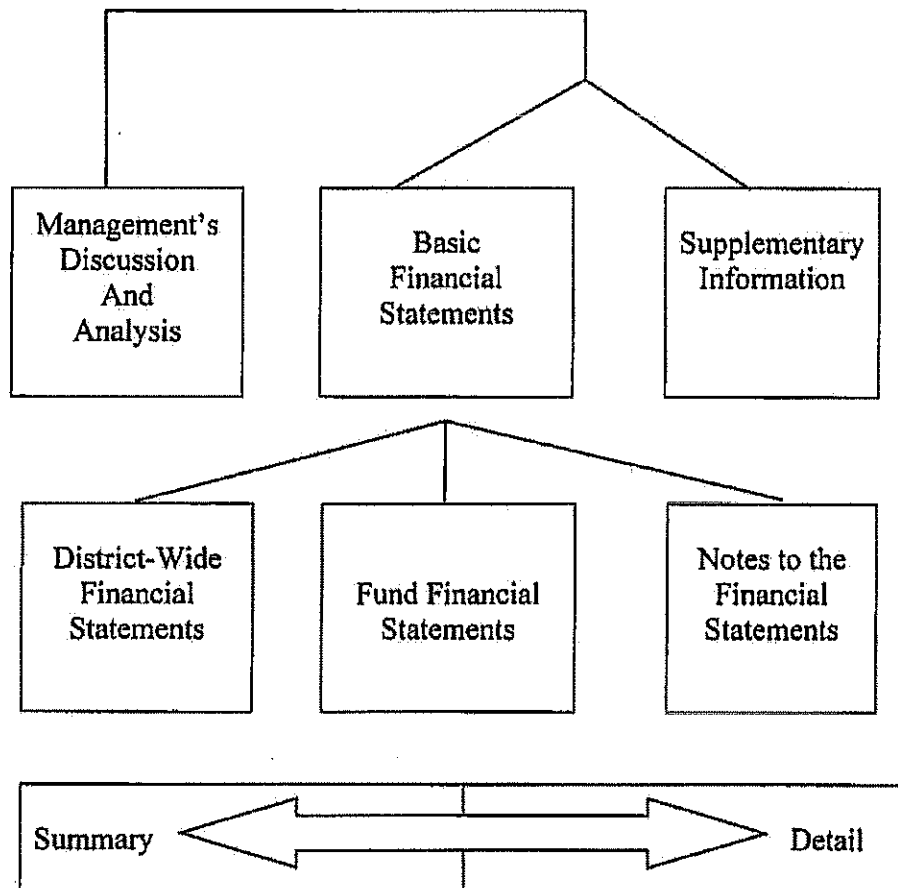
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

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

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

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

Organization of the District's Annual Financial Report



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

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

Major Features of the District-Wide and Fund Financial Statements

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

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

A) District-Wide Financial Statements:

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

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

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

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

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

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

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

B) Fund Financial Statements:

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

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Statements, an additional schedule explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements since it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

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

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

The following is a summary of these changes:

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

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

Condensed Statement of Net Position

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

Current and other assets increased by \$2,962,464 or 11.05% due to an increase in restricted cash balances. Capital assets decreased by \$304,321 or 1.25% due to total depreciation and loss on disposals of \$2,162,608 exceeding additions of \$1,858,287. The net pension asset - proportionate share - teachers' retirement system resulted in a net pension liability of \$4,747,430 as a result of the actuarial valuation provided by the state. The changes in deferred outflows represent amortization of deferred charges on refunding and amortization of pension related items as well as amortization related to the total other post-employment benefits obligation.

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

Other liabilities decreased by \$124,692 or 2.57% primarily due to a decrease in accounts payable and accrued liabilities offset by an increase in employees' retirement system and teachers' retirement system liabilities. Long-term liabilities increased by \$1,876,287 or 1.37% due to an increase in net pension liabilities for teachers' retirement plan and an increase in total other post-employment benefits obligation. The changes in deferred inflows represent amortization of pension related items as well as amortization related to total other post-employment benefits obligation.

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

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

The unrestricted deficit in the amount of \$117,429,201 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position. Additionally, in accordance with state guidelines, the District is only permitted to fund other post-employment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB obligation. The District's net deficit increased by \$3,448,530 or 3.03% from the prior year.

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

B) Changes in Net Position:

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

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

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

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Change in Net Position from Operating Results - Governmental Activities Only

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

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

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

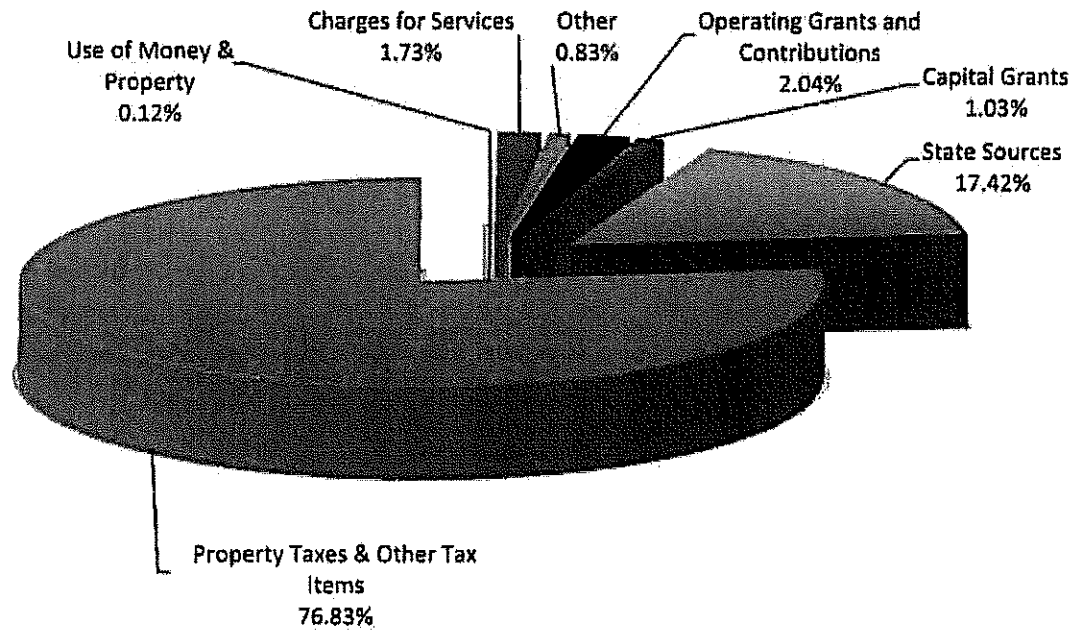
**SEAFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

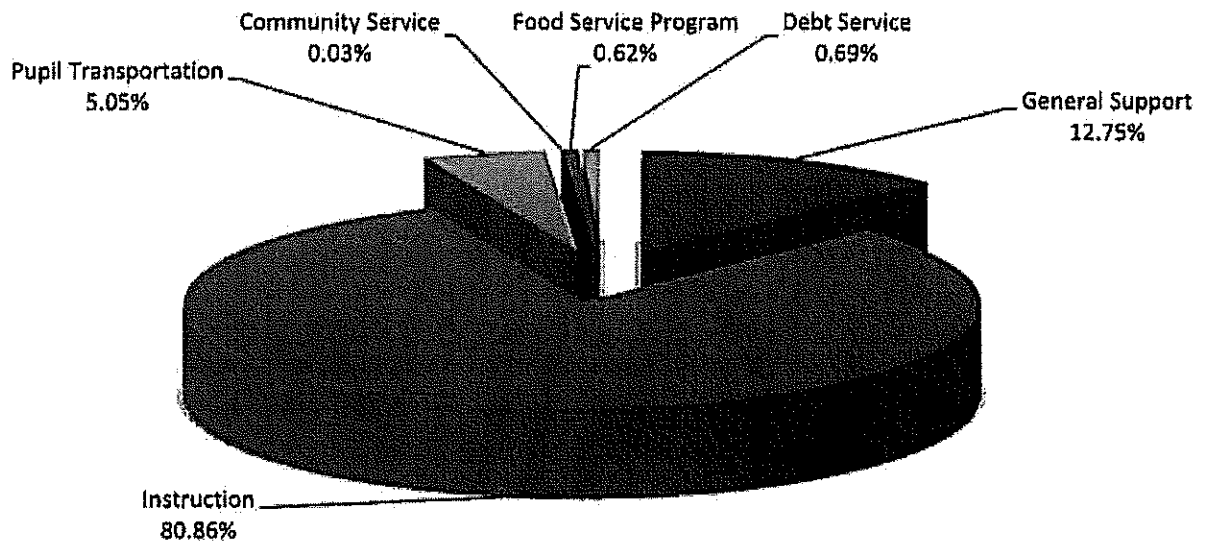
The users of the of the District's programs financed \$1,261,770 of the cost. The federal and state governments subsidized certain programs with operating and capital grants. Donations for scholarships provided support for programs as contributions. Most of the District's net costs of \$68,391,046 were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

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

Revenues for Fiscal Year Ended June 30, 2021:



Expenses for Fiscal Year Ended June 30, 2021:



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

C) Governmental Activities:

Revenues for the District's combined governmental activities totaled \$73,009,245 while combined total expenses equaled \$71,890,220 resulting in an increase in net position of \$1,119,025 for 2021. The overall good financial condition of the District, as a whole, can be credited to:

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$24,546,101 which is an increase of \$2,938,611 over the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 19 "Restatement of Fund Balances" for further information.

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

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

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

A) General Fund

The net change in the general fund – fund balance is an increase of \$3,370,804 as a result of revenues and other financing sources of \$71,595,134 exceeding expenditures and other financing uses of \$68,224,330. Revenues and other financing sources increased \$2,453,259 or 3.55% compared to the prior year, due to the increases in real property taxes and other tax items, use of money and property, and miscellaneous offset by decreases in charges for services and state aid.

Expenditures and other uses increased \$1,839,633 or 2.77% compared to the prior year. This was primarily due to increases in general support and instruction offset by a decrease in pupil transportation, community services, employee benefits, and debt service interest.

B) School Lunch Fund

The fund balance in the school lunch fund decreased by \$63,240 and was primarily caused by expenditures and other financing uses of \$514,074 exceeding revenue and other financing sources of \$450,834.

C) Miscellaneous Special Revenue Fund

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

D) Capital Projects Fund

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

D) Debt Service Fund

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-21 Budget:

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

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

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

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

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

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

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

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

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

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

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

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

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

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

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

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

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

B) Long-Term Debt:

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

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

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

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

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

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

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

SEAFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

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

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

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

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

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 7,232,315	\$ 10,721	\$ 44,972	\$ 110,006	\$ 91,261	\$ -	\$ 7,489,275
Restricted	17,636,024			45,011	10,200	166,976	17,878,211
Receivables							
State and federal aid	347,276	686,118	163,815				1,197,209
Taxes receivable	1,417,031						1,417,031
Accounts receivable	10,965						10,965
Due from other governments	1,012,194				751,272		1,763,466
Due from other funds	1,253,975	94,369	6,197		755,000	238,469	2,348,010
Inventory			9,955				9,955
TOTAL ASSETS	\$ 28,929,780	\$ 791,208	\$ 224,939	\$ 155,017	\$ 1,607,733	\$ 405,445	\$ 32,114,122
LIABILITIES							
Payables							
Accounts payable	\$ 435,093	\$ 36,595	\$ 55,628	\$ 5,573	\$ -	\$ -	\$ 532,889
Accrued liabilities	435,886						435,886
Due to other governments			83				83
Due to other funds	855,565	754,544	70,908	396	666,597		2,348,010
Due to teachers' retirement system	3,028,608						3,028,608
Due to employees' retirement system	258,705						258,705
Compensated absences	168,777						168,777
Student deposits	2,018			11,625			13,643
Unearned credits							
Collections in advance	2,370	69	27,709				30,148
TOTAL LIABILITIES	\$ 5,187,022	\$ 791,208	\$ 134,328	\$ 17,594	\$ 666,597	\$ -	\$ 6,816,749
DEFERRED INFLOWS OF RESOURCES							
State Aid					751,272		751,272
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	\$ 751,272	-	\$ 751,272
FUND BALANCES							
Nonspendable: Inventory							
			9,955				9,955
Restricted							
Employee benefit accrued liability	4,211,182						4,211,182
Retirement contribution							
Employees' retirement system	2,921,273						2,921,273
Teachers' retirement system	1,503,071						1,503,071
Capital	5,959,385						5,959,385
Workers' compensation	2,025,174						2,025,174
Repair	1,035,939						1,035,939
Scholarships and donations				45,011			45,011
Debt service						405,445	405,445
Unspent energy performance proceeds					10,200		10,200
Assigned							
Appropriated fund balance	847,574						847,574
Unappropriated fund balance	157,567		60,656	92,412	179,664		490,299
Unassigned:							
Reserve for tax reduction	2,127,029						2,127,029
Other	2,954,564						2,954,564
TOTAL FUND BALANCES	\$ 23,742,758	\$ -	\$ 70,611	\$ 137,423	\$ 189,864	\$ 405,445	\$ 24,546,101
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 28,929,780	\$ 791,208	\$ 224,939	\$ 155,017	\$ 1,607,733	\$ 405,445	\$ 32,114,122

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

Total Governmental Fund Balances \$ 24,546,101

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

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

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

Deferred inflows of resources - state aid - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenues under the accrual method. 751,272

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

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

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

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

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

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

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

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

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

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

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

**SEAFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2021 changed by (426,973)

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended June 30, 2021 is 118,258

Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the year ended June 30, 2021 changed by (27,282)

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

Teachers' retirement system	\$	(3,610,817)	
Employees' retirement system		442,073	
Other post-employment benefits		<u>798,996</u>	(2,369,748)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$	1,858,285	
Depreciation expense and loss on disposal		<u>(2,162,608)</u>	(304,323)

Long-Term Debt Differences:

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 880,000

Repayment of energy performance debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 254,203

Governmental funds may report the premiums, discounts, and similar items on refunded bonds as expenditures. These amounts are deferred and amortized in the Statement of Activities. 25,990

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. 30,289

Change in Net Position \$ 1,119,025

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

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

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

	Custodial
ADDITIONS	
Real property taxes received for Library	\$ 2,412,655
Flexible spending plan contributions	143,280
TOTAL ADDITIONS	\$ 2,555,935
DEDUCTIONS	
Real property taxes disbursed to Library	\$ 2,412,655
Flexible spending plan reimbursements	143,280
TOTAL DEDUCTIONS	\$ 2,555,935
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, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B) Joint venture:

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

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

C) Basis of presentation:

District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

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

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

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

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

The District reports the following fiduciary fund:

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

D) Measurement focus and basis of accounting:

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

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

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

E) Real property taxes:

Calendar:

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

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

Enforcement:

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, net pension liability, and useful lives of capital assets.

I) Cash and cash equivalents:

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

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

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

J) Receivables:

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

K) Prepaid items and inventories:

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

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

A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

L) Capital assets:

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & Building Improvements	\$ 500	Straight-line	30 years
Furniture & Equipment	\$ 500	Straight-line	10 years
Site Improvements	\$ 500	Straight-line	30 years
Vehicles	\$ 500	Straight-line	5 years

M) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance consist of amounts received in advance for summer activities in the general fund, grants in the special aid fund, and prepaid student meals in the school lunch fund.

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

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first is the unamortized dollar amount of deferred charges from the refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the remaining life of the debt. The other items are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12, 13 and 15.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These items are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15.

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

O) Vested employee benefits:

Compensated absences

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

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

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

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

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

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

go basis. The liability is reported only for payments due for unused compensated absences for those employees who have obligated themselves to separate from service with the District by June 30th.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditures in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Q) Short-term debt:

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

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

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

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences, claims payable, net pension liability, and other post-employment benefit obligations that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current

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

year. Bonds, energy performance contract debt, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

S) Equity classifications:

i) District-Wide Financial Statements:

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

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

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

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

ii) Fund Financial Statements:

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

(1) **Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$9,955.

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

The District has classified the following as restricted:

Employee Benefit Accrued Liability Reserve

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

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

Retirement Contribution Reserve

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

Capital

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

Workers' Compensation Reserve

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

Repair Reserve

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

Scholarships and Donations

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

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

Debt Service

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

Unspent Energy Performance Proceeds

Unspent long-term energy performance proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

- (3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority (i.e., Board). The District has no committed fund balances as of June 30, 2021.
- (4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.
- (5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. A nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, the reserve for tax reduction and encumbrances included in the assigned fund balance are excluded from the 4% limitation.

Fund Balance Classification

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

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

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

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

Order of Use of Fund Balance

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

T) New accounting pronouncements:

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

U) Future changes in accounting standards:

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

This is the statement that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will evaluate the impact this pronouncement may have on its financial statements and will implement them as applicable and when material.

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

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional

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

long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

Long-term revenue and expense differences:

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

Capital related differences:

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

Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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

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

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

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

Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash

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

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

B) Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed \$5,769,811 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,686,089. Financial statements for the BOCES are available from the Nassau BOCES administrative office at 71 Clinton Road, Garden City, NY 11530-9195.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

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

General Fund	
State sources - excess cost aid	\$ 293,573
Federal sources - CARES act	53,703
Total	<u>347,276</u>
Special Aid Fund	
Federal aid	534,853
State aid	151,265
Total	<u>686,118</u>
School Lunch Fund	
Federal aid	157,600
State aid	6,215
Total	<u>163,815</u>
Total - All funds	<u>\$ 1,197,209</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, 2021**

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General Fund	
Tuition and health services	\$ 249,000
BOCES aid	763,194
Total general fund	<u>1,012,194</u>
Capital Projects Fund	
Smart Schools Bond Act	<u>751,272</u>
Total due from other governments	<u>\$ 1,763,466</u>

District management has deemed the amounts to be fully collectible.

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

NOTE 8 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2021 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	1,372,364	1,107,802	(1,372,364)	1,107,802
Total capital assets not being depreciated	2,889,364	1,107,802	(1,372,364)	2,624,802
Capital assets being depreciated:				
Building & building improvements	44,654,461	-	1,372,364	46,026,825
Land improvements	3,702,223	-	-	3,702,223
Furniture and equipment	6,176,053	750,485	(508,721)	6,417,817
Vehicles	199,978	-	-	199,978
Total capital assets being depreciated	54,732,715	750,485	863,643	56,346,843
Less accumulated depreciation:				
Building & building improvements	27,198,017	1,374,129	-	28,572,146
Land improvements	2,118,587	138,012	-	2,256,599
Furniture and equipment	3,803,778	616,306	(494,505)	3,925,579
Vehicles	130,699	19,945	-	150,644
Total accumulated depreciation	33,251,081	2,148,392	(494,505)	34,904,968
Total capital assets being depreciated, net	21,481,634	(1,397,907)	1,358,148	21,441,875
Capital assets, net	\$ 24,370,998	\$ (290,105)	\$ (14,216)	\$ 24,066,677

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

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

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

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

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

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

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

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

The District transferred from the general fund to the debt service fund for annual debt service obligations.

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

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

NOTE 10 – SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/24/2021	1.25%	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

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

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

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

NOTE 11 – LONG-TERM LIABILITIES:

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

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

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

A) Bonds Payable

Bonds payable is comprised of the following:

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

**SEAFORD UNION FREE SCHOOL DISTRICT
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The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 920,000	\$ 421,569	\$ 1,341,569
2023	955,000	378,044	1,333,044
2024	990,000	332,869	1,322,869
2025	1,035,000	285,794	1,320,794
2026	1,085,000	236,444	1,321,444
2027-2031	5,930,000	685,950	6,615,950
2032-2035	2,030,000	82,072	2,112,072
	<u>\$ 12,945,000</u>	<u>\$ 2,422,742</u>	<u>\$ 15,367,742</u>

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

B) Energy Performance Debt Payable

Energy performance debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Debt	4/11/2008	7/1/2023	3.89%	<u>\$ 823,493</u>

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

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

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

C) Long-Term Interest

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

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

D) Bond Premium

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to \$708,766 at June 30, 2021. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

NOTE 12 – DEFERRED OUTFLOWS OF RESOURCES – DEFERRED CHARGES

The deferred charges pertaining to the 2011 bond refunded in 2017, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2021 consisted of the following:

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

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

NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided:

Teachers' Retirement System

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

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

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

Employees' Retirement System

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

B) Funding policies:

The Systems are noncontributory, except as follows:

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 18.3% for Tiers 3 &4, 15.3% for Tier 5, and 10.7% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for TRS' fiscal year ended June 30, 2021 was 9.53%.

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

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

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

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation with update procedures used to roll forward the total pension liability. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

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

Measurement date	ERS	TRS
	March 31, 2021	June 30, 2020
Net pension liability	\$ 19,874	\$ 4,747,430
District's portion of the Plan's total net pension liability	0.0199593%	0.171805%
Change in proportion since prior measurement date	-0.0991100%	0.003425%

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$531,949 for ERS, and \$6,414,082 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflow of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 242,719	\$ 4,159,698	\$ -	\$ 243,297
Changes of assumptions	3,654,237	6,004,393	68,920	2,140,253
Net difference between projected and actual earnings on pension plan investments	-	3,100,488	5,709,060	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	216,641	317,157	85,500	279,475
District's contributions subsequent to the measurement date	258,705	2,801,781	-	-
	<u>\$ 4,372,302</u>	<u>\$ 16,383,517</u>	<u>\$ 5,863,480</u>	<u>\$ 2,663,025</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**SEAFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

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

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

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis.

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

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

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

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

Discount Rate

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

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 6.10% for TRS) or 1-percentagepoint higher (6.90% for ERS and 8.10% for TRS) than the current rate:

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ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	\$ (5,516,328)	\$ (19,874)	\$ 5,049,143

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset/(liability)	\$ (29,987,877)	\$ (4,747,430)	\$ 16,435,702

Pension Plan Fiduciary Net Position

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

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

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

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

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

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

NOTE 14 - PENSION PLANS- OTHER PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$474,767 and \$2,036,371 respectively.

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

B) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 74% and 82% of premiums for retirees, 74% and 82% of premiums for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year ended June 30, 2021, the District contributed an estimated \$3,493,893 to the Plan, including \$3,493,893 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

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

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

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

C) Total OPEB Liability:

The District's total OPEB liability of \$111,764,134 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019. Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rates	6.60% for 2019, decreasing .5% per year to an ultimate rate of 4.10% in 2024, and over 56 years.
Retirees' share of benefit-related costs	18-26% for individuals, 18-26% for family and 100% for surviving spouses.

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

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

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

D) Changes in the Total OPEB Liability:

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

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

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.60%) or 1-percentage-point higher (7.60%) than the current healthcare cost trend rates:

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

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

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

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

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

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

Fiscal Year Ended June 30:	
2022	\$ (3,223,698)
2023	(3,223,698)
2024	(3,223,698)
2025	(2,936,598)
2026	(95,959)
Thereafter	-
	<u>\$ (12,703,651)</u>

NOTE 16 – RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. As of June 30, 2021, the District has recorded potential workers' compensation claims of \$1,803,911 and has a workers' compensation reserve balance of \$2,025,174 in the general fund.

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

C) Public Entity Risk Pool:

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

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

NOTE 17 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

Assigned: Unappropriated Fund Balance

General fund

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

Restricted and Assigned Fund Balance:

Capital projects fund

Capital projects	\$ 189,864
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B) Grants:

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

C) Litigation:

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

D) Operating Leases:

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

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

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

NOTE 18 – TAX ABATEMENTS:

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

NOTE 19 – RESTATEMENT OF FUND BALANCES

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

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

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

NOTE 20 – SUBSEQUENT EVENTS

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

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

SUPPLEMENTARY INFORMATION

**SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Note to Required Supplementary Information

Budget Basis of Accounting

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

SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 47,589	\$ 47,589	\$ 34,488	\$ -	\$ 13,101
Central administration	302,605	311,719	317,867		(6,148)
Finance	720,414	732,285	725,851		6,434
Staff	264,860	307,625	298,402		9,223
Central services	4,667,737	5,285,987	4,491,324	129,619	665,044
Special items	709,181	709,181	703,952		5,229
Total General Support:	6,712,386	7,394,386	6,571,884	129,619	692,883
Instructional					
Instruction, adm. & imp.	2,427,398	2,461,589	2,414,238	3,782	43,569
Teaching - regular school	21,775,389	21,771,080	21,176,233	7,200	587,647
Programs for children with handicapping conditions	10,573,900	10,427,200	9,277,090	3,000	1,147,110
Occupational education	1,072,768	1,114,262	1,066,314		47,948
Teaching special schools	169,772	152,806	64,944		87,862
Instructional media	3,796,531	3,790,298	3,444,340		345,958
Pupil services	3,714,999	3,711,750	3,130,450	13,466	567,834
Total Instruction	43,530,757	43,428,985	40,573,609	27,448	2,827,928
Pupil Transportation	3,450,137	3,706,696	3,537,098		169,598
Community Services	22,066	22,066	16,808		5,258
Employee Benefits	17,050,973	16,465,086	15,031,771	500	1,432,815
Debt Service					
Debt service - interest	30,000	30,000	45,660		4,340
TOTAL EXPENDITURES	70,816,519	71,067,219	65,776,830	157,567	5,132,822
Other Financing Uses:					
Transfers to other funds	2,475,769	2,480,769	2,447,500	-	33,269
TOTAL EXPENDITURES AND OTHER USES	\$ 73,292,088	\$ 73,547,988	68,224,330	\$ 157,567	\$ 5,166,091
Change In Fund Balances			3,370,804		
Fund Balances - Beginning of Year as Restated (See Note 19)			20,371,954		
Fund Balances - End of Year			\$ 23,742,758		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SEAFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 3,482,880	\$ 3,821,212	\$ 4,430,376	\$ 4,301,336
Interest	2,435,715	4,131,361	3,711,352	3,572,336
Effect of plan changes	-	(62,921)	-	-
Effect of demographic gains or losses	-	(2,527,562)	-	107,212
Changes of assumptions or other inputs	871,528	(9,406,771)	(9,761,351)	-
Benefit payments	(3,493,893)	(3,381,103)	(3,510,180)	(3,442,385)
Net change in total OPEB liability	<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>108,467,904</u>	<u>115,893,688</u>	<u>121,023,491</u>	<u>116,484,992</u>
Total OPEB liability - ending	<u>\$ 111,764,134</u>	<u>\$ 108,467,904</u>	<u>\$ 115,893,688</u>	<u>\$ 121,023,491</u>
Covered-employee payroll	\$ 23,414,682	\$ 23,414,682	\$ 31,796,479	\$ 31,796,479
Total OPEB liability as a percentage of covered-employee payroll	477.33%	463.25%	364.49%	380.62%

Notes to Schedule:*Trust Assets*

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

Change of Assumptions

The discount rate was 3.0% as of June 30, 2018.
The discount rate was 3.5% as of June 30, 2019.
The discount rate was 2.21% as of June 30, 2020.
The discount rate was 2.16% as of June 30, 2021.

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

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

	NYSERS Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) asset	0.0199593%	0.0205158%	0.0209504%	0.0218275%	0.0212372%	0.0218783%	0.0222192%	0.0222192%
District's proportionate share of the net pension (liability) asset	\$ (19,874)	\$ (5,432,692)	\$ (1,484,402)	\$ (704,471)	\$ (1,995,496)	\$ (3,511,535)	\$ (750,620)	\$ (1,004,056)
District's covered payroll	\$ 5,715,589	\$ 5,721,381	\$ 5,444,243	\$ 5,459,752	\$ 5,479,693	\$ 5,291,510	\$ 5,200,321	\$ 5,221,306
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	0.35%	94.95%	27.27%	12.90%	36.42%	66.36%	14.43%	19.23%
Plan fiduciary net position as a percentage of the total pension (liability) asset	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

	NYSTRS Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) asset	0.171805%	0.168380%	0.171766%	0.171162%	0.175539%	0.171906%	0.171205%	0.174501%
District's proportionate share of the net pension (liability) asset	\$ (4,747,430)	\$ 4,374,535	\$ 3,105,973	\$ 1,300,999	\$ (1,880,097)	\$ 17,855,568	\$ 19,071,205	\$ 1,148,656
District's covered payroll	\$ 30,804,102	\$ 39,696,638	\$ 29,529,139	\$ 29,706,482	\$ 29,189,976	\$ 28,192,688	\$ 27,943,042	\$ 28,499,881
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	15.41%	14.73%	10.52%	4.38%	6.44%	63.33%	68.25%	4.03%
Plan fiduciary net position as a percentage of the total pension (liability) asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

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

	NYSERS Pension Plan									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 825,101	\$ 775,951	\$ 829,997	\$ 837,252	\$ 773,346	\$ 775,064	\$ 1,058,737	\$ 1,066,333	\$ 1,114,250	\$ 798,408
Contributions in relation to the contractually required contribution	825,101	775,951	829,997	837,252	773,346	775,064	1,058,737	1,066,333	1,114,250	798,408
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$5,822,673	\$5,664,240	\$5,671,824	\$5,560,091	\$5,671,824	\$5,259,599	\$5,406,744	\$5,176,465	\$5,262,439	\$5,088,036
Contributions as a percentage of covered payroll	14.17%	13.70%	14.63%	15.06%	13.63%	14.74%	19.58%	20.60%	21.17%	15.69%

	NYSIRS Pension Plan									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,801,781	\$ 2,583,639	\$ 2,984,797	\$ 2,741,910	\$ 3,178,872	\$ 3,591,795	\$ 4,526,707	\$ 4,109,575	\$ 3,026,370	\$ 2,759,844
Contributions in relation to the contractually required contribution	2,801,781	2,583,639	2,984,797	2,741,910	3,178,872	3,591,795	4,526,707	4,109,575	3,026,370	2,759,844
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$29,736,093	\$30,804,102	\$29,696,638	\$29,529,139	\$29,706,482	\$29,189,976	\$28,192,688	\$27,943,042	\$28,499,881	\$26,552,548
Contributions as a percentage of covered payroll	9.42%	8.39%	10.05%	9.29%	10.70%	12.30%	16.06%	14.71%	10.62%	10.39%

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

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

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

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

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

Project Title	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2021
			Prior Year's	Current Year	Total			State Aid	Local Sources	Total	
Capital Improvements - High School	\$ 14,542,919	\$ 14,942,201	\$ 14,161,164	\$ 660,739	\$ 14,821,903	\$ 118,298	\$ 12,195,297	\$ 79,800	\$ 2,307,103	\$ 14,582,200	\$ (241,703) *
Capital Improvements - Middle School	7,726,680	5,970,692	5,932,159		5,932,159	(11,467)	4,510,752	64,365	1,177,869	5,702,986	(229,173) *
Capital Improvements - Manor School	2,576,548	2,637,938	2,663,909		2,663,909	(37,971)	1,406,599	416,432	587,202	2,410,233	(235,676) *
Capital Improvements - Harbor School	4,982,571	4,994,736	3,618,522	447,683	4,065,585	929,151	1,600,161	322,000	3,049,640	4,971,801	906,216
Energy Performance Contract - General	3,289,503	3,289,503	3,279,303		3,279,303	10,200	3,289,503			3,289,503	10,200
TOTAL	\$ 33,118,221	\$ 31,775,070	\$ 29,659,057	\$ 1,107,802	\$ 30,766,859	\$ 1,008,211	\$ 23,002,312	\$ 882,597	\$ 7,071,814	\$ 30,956,723	\$ 189,864

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

**SEAFORD UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

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



R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

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

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

To the Board of Education
Seaford Union Free School District

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

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

R.S. Abrams & Co., LLP

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

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

August , 2022

The Board of Education of
Seaford Union Free School District,
in the County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Seaford Union Free School District (the “School District”), in the County of Nassau, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$5,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the “Note”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon subject to certain statutory limitations. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Seaford Union Free School District, in the County of Nassau, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of August 25, 2022.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$5,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 14, 2022, maturing on June 28, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 14, 2022**.

SEAFORD UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education