

NEW AND RENEWAL ISSUES

TAX ANTICIPATION NOTES AND
REVENUE 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 imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. 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 Notes will be designated by the District as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

**SHOREHAM-WADING RIVER CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**
(the "District")

\$12,900,000 TAX ANTICIPATION NOTES FOR 2010-2011 TAXES
(the "TANs")

Dated Date: July 1, 2010

Maturity Date: June 30, 2011

and

\$3,800,000 REVENUE ANTICIPATION NOTES FOR 2010-2011
(the "RANs")

Dated Date: June 24, 2010

Maturity Date: June 24, 2011

[The TANs and the RANs are collectively referred to herein as the "Notes"]

Security and Sources of Payment: The Notes will constitute general obligations of the District and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, for such purpose.

RAN Prior Redemption: The RAN's will be subject to redemption prior to their maturity. See "Optional Redemption" under "The Notes", herein.

TAN Prior Redemption: The TAN's will not be subject to redemption prior to their maturity. See "Optional Redemption" under "The Notes", herein.

At the option of the purchaser(s), the Notes will be issued in registered or bearer form. If the Notes are issued in registered form, the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Respective Note certificates shall be delivered to the purchaser(s) of notes requested in bearer form or in the form registered to the purchaser(s), and each such respective note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser of such note at such interest rate.

Form and Denomination: The Notes to be issued in book-entry only form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those respective Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases of the Notes to be issued in book-entry only form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry only form purchased. See "Book-Entry Only System" herein.

Payment: Payment of the principal of and interest on the Notes to be issued in book-entry only form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry Only System" herein. Payment of the principal of and interest on the Notes issued in bearer form or in the form registered to the Purchaser(s) will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

For those Notes issued in registered form, the District will act as Paying agent for the Notes. For those Notes issued in bearer form, the purchasers will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on June 17, 2010 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

Hawkins Delafield & Wood LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

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. It is expected that delivery of the RANs will be made on or about June 24, 2010 in New York, New York, or as otherwise agreed to by the District and the purchaser(s). It is expected that delivery of the TANs will be made on or about July 1, 2010 in New York, New York, or as otherwise agreed to by the District and the purchaser(s).

THIS 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.

**SHOREHAM-WADING RIVER CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

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BOARD OF EDUCATION

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Faith E. Caglianone, Business Manager
Valentina Coviello, District Treasurer
Janice Seus, District Clerk

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* * *

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* * *

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OFFICIAL STATEMENT

Relating to

SHOREHAM-WADING RIVER CENTRAL SCHOOL DISTRICT, SUFFOLK COUNTY, NEW YORK

\$12,900,000 TAX ANTICIPATION NOTES FOR 2010-2011 TAXES

AND

\$3,800,000 REVENUE ANTICIPATION NOTES FOR 2010- 2011

This Official Statement, including the cover page and appendices thereto, has been prepared by the District and presents certain information relating to the District's \$12,900,000 Tax Anticipation Notes for 2010-2011 Taxes (the "TANs") and \$3,800,000 Revenue Anticipation Notes For 2010-2011 (the "RANs") (the TANs and RANs are collectively referred to hereafter as, the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (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.

THE NOTES

Description of the Notes

At the option of the purchaser(s), the Notes will be issued in registered or bearer form. If the Notes are issued in registered form, the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

Note certificates shall be delivered to the purchaser(s) of notes requested in bearer form or in the form registered to the purchaser(s), and each such respective note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

For those Notes issued as book-entry only notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes 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. See "Book-Entry-Only System" herein.

For those Notes issued in registered form, the District will act as Paying Agent for the Notes. For those Notes issued in bearer form, the purchaser will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Faith E. Caglianone, Interim Assistant Superintendent for Business, Shoreham-Wading River Central School District, District Office, 250B Route 25A, Shoreham, NY 11786, Phone (631) 821-8110, Fax (631) 821-2876 and email: fcaglianone@swr.k12.ny.us.

Optional Redemption

The RANs

The Notes shall be redeemable prior to maturity upon the giving of notice which identifies the Notes to be redeemed, by mailing such notice to the registered holders thereof at their respective addresses as shown upon the registration books of the Fiscal Agent at least 30 days prior to the date set for any such redemption. If notice of redemption shall have been given as aforesaid, the Notes so called for redemption shall become due and payable at the applicable redemption price on the redemption date designated in such notice, and interest on such Notes shall cease to accrue from the after such redemption date.

The TANs

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

Book-entry-only System

DTC will act as securities depository for the book-entry only Notes. 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 maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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"). DTC has Standard & Poor's highest rating: AAA. 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 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 Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. 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 interest in Securities, 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 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 Notes 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.

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 the 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 notes held for the accounts of customers in bearer form or registered in "street name," and will be responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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 responsibility of Direct and Indirect Participants.

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 the 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 notes 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 nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to the Beneficial Owners.

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.

Authorization and Purpose

The RANs

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and Section 25.00 of the Local Finance Law Section 25.00, and Part J of Chapter 61 of the Laws of 2006, as amended in 2008 (the "2008 Law"), which authorizes the District to issue revenue anticipation notes in anticipation of the receipt of State aid payments due for certain prior fiscal years, as described in Chapter 677 of the Laws of 2002. Pursuant to correspondence received from the State Education Department, such State aid payments are expected to be received beginning with the fiscal year of the District which commences July 1, 2010. The proceeds of the Notes, in the amount of \$3,800,000, will be used to redeem, in full, an outstanding revenue anticipation note which was originally issued pursuant to the 2008 Law.

As set forth in Section 25.00 of the Local Finance Law, the District is not authorized to renew the outstanding revenue anticipation note beyond June 30, 2011. In the event that the School District does not receive State aid payments for certain prior years principal to June 30, 2011, the District will have to develop alternatives for redeeming the outstanding revenue anticipation note.

The TANs

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 2010-2011 real property taxes levied or to be 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 were or are to be levied, as specified in the 2010-2011 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 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 2010-2011 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.

For a description of prior issues of Tax Anticipation Notes and of projected issues of obligations for capital and operating purposes of the District, see "Indebtedness of the District."

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 of and interest thereon. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property in the District subject to taxation without limitation as to rate or amount.

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 therefor.

Remedies Upon Default

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the bonds and notes issued by the school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of 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 cover the current status with respect to the payment of principal of and interest on all outstanding bonds and notes of such school district issued for school purposes and the statement prepared and filed 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 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 of such successive allotments, apportionments or payments 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 SFL.

Under current law, provision is made for contract creditors (including the Noteholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that

future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency police powers to assure the continuation of essential public services.

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

THE DISTRICT

Description

The District is located on the north shore of Long Island approximately ten miles east of Port Jefferson and ten miles west of Riverhead, the Suffolk County seat. Located in the Towns of Brookhaven and Riverhead it is the result of a centralization of the former Union Free School District No. 10 of the Town of Brookhaven (Shoreham) and Union Free School District No. 1 of the Towns of Riverhead and Brookhaven (Wading River). Centralization was effective on July 1, 1973. The area of the District is approximately twelve square miles.

The area has experienced moderate growth in recent years and is basically residential in character with homes of substantial size particularly in the northern wooded portions.

Residents find employment locally at the Brookhaven National Laboratories, and commute to private and public sector facilities such as the State University at Stony Brook, Symbol Technologies, local hospitals and school districts, retail establishments, etc.

The main east-west highway is New York State Route 25A, with the north-south artery being the William Floyd Parkway. This latter highway affords a direct connection with the Long Island Expressway (Route 495) some seven miles south of the District, and the ocean beaches and recreation facilities of the south shore and Fire Island.

Water service is provided by Suffolk County Water Authority and the Town of Riverhead.

Electricity is supplied by the Long Island Power Authority, gas by National Grid, and telephone service by Verizon.

Police protection is provided by the County of Suffolk in the Brookhaven portion and the Town of Riverhead in the Riverhead portion, while fire protection is provided by the Rocky Point Fire District, Shoreham Station, and Wading River Fire District.

District Organization

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly as possible an equal number shall be elected to the Board each year. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Business Administrator, the School District Clerk and the District Treasurer.

Enrollment History

<u>School Year</u>	<u>School Enrollment</u>
2005-06	2,723
2006-07	2,794
2007-08	2,832
2008-09	2,766
2009-10	2,692

School Facilities

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Date of Last Addition</u>	<u>Designed Capacity</u>
Briarcliff Road School	K-1	1958	2008	300
Wading River School	K-5	1963	1976	600
Miller Avenue School	2-5	1962	1966	500
Albert G. Prodell Middle School	6-8	1972	1973	720
High School	9-12	1975	-	1,200

Employees

Some of the District employees are represented by organized labor as follows:

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Shoreham-Wading River Teachers Association	6/30/09 ^a	229
Civil Service Employees Association	6/30/10 ^a	162
Shoreham-Wading River Administrators Association	6/30/11	10

a. In negotiations

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the District, the Towns of Brookhaven, Riverhead and Suffolk County.

<u>Year</u>	<u>District^a</u>	<u>Town of Brookhaven</u>	<u>Town of Riverhead</u>	<u>Suffolk County</u>
2000	12,894	448,248	27,680	1,419,369
2002	13,069	458,897	28,862	1,440,870
2004	13,285	472,425	30,909	1,467,425
2008	13,900	483,748	32,251	1,510,716

a. Estimated.

Source: Long Island Power Authority, U.S. Census Bureau

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest area for which such statistics are available, and which includes the District, is the County of Suffolk. The data set forth below with respect to the County is included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the County is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			
	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>
County of Suffolk	\$7,576	\$18,481	\$33,684	\$35,140
State of New York	7,496	16,501	23,389	30,804

Source: New York State Department of Economic Development, State Data Center.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes part of the District) is the Town of Brookhaven. The information set forth below with respect to such Town 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 vice versa.

	<u>Town of Brookhaven</u>	<u>Suffolk County</u>	<u>New York State</u>
Annual Averages:			
2005	4.2%	4.2%	5.0%
2006	4.0	3.9	4.5
2007	3.9	3.8	4.5
2008	5.0	5.0	5.4
2009	7.3	7.4	8.3
2010 (4 months)	7.6	7.8	8.9

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 TANs) or to be paid within three fiscal year periods (such as the RANs), 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; 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 of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "Security and Source of Payment," 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.

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.

Pursuant to the Local Finance Law, the District authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the District Board, the finance board of the District. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the District voters at the discretion of the District Board.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedures with respect to the bond resolutions pursuant to which the Notes are being issued.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year, provided annual principal reductions are made and provided that such renewals generally do not extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual principal reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "Payment and Maturity" under "Constitutional Requirements," and "Short-Term Indebtedness.")

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 and revenue 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 Calculation of Total Net Indebtedness
(As of June 10, 2010)

<u>In the Towns of</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
Brookhaven (2009-2010)	\$ 17,436,538	0.77%	\$2,264,485,454
Riverhead (2009-2010).....	<u>103,785,985</u>	12.34	<u>841,053,363</u>
	<u>\$121,222,523</u>		<u>\$3,105,538,817</u>
Debt Limit: 10% of Full Valuation			\$310,553,881
Inclusions: ¹			
Outstanding Bonds			<u>-0-</u>
Gross Indebtedness Outstanding			<u>-0-</u>
Exclusions:			
Estimated Building Aid			<u>-0-</u>
Total Net Indebtedness			<u>\$ - 0-</u>

1. The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the statutory debt limit of the School District.

The District has entered into an Energy Performance Contract with Johnson Controls, Inc. in the amount of \$4,625,249. The following chart sets forth the amortization schedule with regard to such financing.

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 249,082	\$ 195,139	\$ 444,221
2011	259,591	184,630	444,221
2012	270,543	173,678	444,221
2013	281,958	162,264	444,222
2014	293,853	150,368	444,221
2015	306,251	137,971	444,222
2016	319,172	125,050	444,222
2017	332,638	111,584	444,222
2018	346,672	97,550	444,222
2019	361,298	82,924	444,222
2020	376,541	67,681	444,222
2021	392,427	51,795	444,222
2022	408,984	35,238	444,222
2023	<u>426,239</u>	<u>17,983</u>	<u>444,222</u>
Totals	<u>\$ 4,625,249</u>	<u>\$ 1,593,855</u>	<u>\$ 6,219,104</u>

Details of Short-Term Indebtedness Outstanding

The District presently has outstanding revenue anticipation notes in the amount of \$3,800,000 which mature on June 25, 2010, which will be redeemed from the proceeds of the RANs. Additionally, the District has tax anticipation notes outstanding in the amount of \$10,600,000, which mature on June 25, 2010.

Debt Service Requirements - Outstanding Bonds

The District presently has no outstanding Bonds.

Trend of Outstanding Indebtedness

	Fiscal Year Ending June 30:				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Notes	-	-	-	-	-
Total Debt Outstanding	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Authorized But Unissued Items

The District has authorized but unissued debt in the amount of \$871,651 to undertake certain district-wide improvements. The District may issue bonds or notes to finance such authorization, and will be reimbursed with EXCEL aid from the State of New York.

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 Suffolk	05-02-10	1.06%	\$17,882,290	\$11,833,651
Town of: Brookhaven	05-26-10	3.87	17,371,214	15,844,288
Riverhead	12-31-09	12.69	16,425,301	13,961,506
Village of Shoreham	05-31-10	100.00	-	-
Fire Districts:				
Rocky Point	12-31-09	30.00	-	-
Wading River	12-31-09	33.33	-	-
Totals			<u>\$51,678,805</u>	<u>\$41,639,445</u>

Sources: State Comptroller's Special Report On Municipal Affairs for 2006 or more recently published Official Statements.

FINANCES OF THE DISTRICT

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, 2009. A copy of such report is available in electronic format on the website of the District's Financial Advisor, Munistat Services, Inc. (www.munistat.com).

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (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, school lunch fund, risk retention fund and debt service fund. In addition, a capital projects fund is used to record capital facilities while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the District by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in school lunch are inventoried and carried at values which approximate market. Fixed assets are recorded at replacement costs as determined by appraisal; all capital assets, except land, are depreciated on a straight line basis over their estimated useful lives.

Budget Process

Annually, pursuant to the Education Law, the District's Board of Education prepares or causes to be prepared a budget for the ensuing fiscal year. During November and December the tentative budget is developed and refined in consultation with school principals and department supervisors. At subsequent meetings of the Board of Education the proposed budget is discussed and further refined. The tentative budget is adopted by the Board and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Prior to the Annual Meeting a public hearing is held with respect to the proposed budget.

Residents of the District who are qualified to vote may participate in the referendum. If, by majority vote, the budget is approved, the Board of Education, by resolution, adopts the budget for the ensuing fiscal year. If the budget is not so approved, the Board may make changes to the budget and re-submit it one time as revised to the voters for adoption. If such budget as re-submitted is again not approved by a majority vote of the residents, the District must then adopt a contingency budget. Such contingency budget must provide for a tax for teachers' salaries, ordinary contingent expenses, debt service and student transportation. Except for expenses for mandated expenses such as debt service, a contingency budget may not exceed the budget for the prior fiscal year of the District by the lesser of 1.2 times the percentage increase in the consumer price index or four percent (4.00%). Alternatively, the Board may choose not to re-submit the budget and, by resolution, adopt a contingency budget for the ensuing fiscal year in accordance with the parameters set forth above. Expenses beyond ordinary contingent expenses may later be added to the budget upon voter approval.

The Budget for the 2009-2010 fiscal year was defeated by the voters of the District on May 19, 2009. The District decided to adopt a Contingent Budget for the 2009-2010 fiscal year. The Budget for the 2010-2011 fiscal year was approved by the voters of the District on May 18, 2009.

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

In addition to the amount of State Aid budgeted by the District, since its current fiscal year the State has made STAR payments representing tax savings provided by school districts to their taxpayers under the STAR Program (see "STAR - School Tax Exemption").

The District is dependent in significant part on financial assistance from the State in the form of State Aid for both operating and capital purposes. Should the District in the current fiscal year or in future fiscal years 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 and not by a cut 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. (see "Recent Events Affecting State Aid to New York State School Districts")

The State is not constitutionally obligated to maintain or continue State aid to the School District. 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. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget and other circumstances. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "BONDHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE").

Recent Events Affecting State Aid to New York School Districts

On November 12, 2008, in response to the ongoing and worsening national fiscal crisis and its affect on the State, Governor David Paterson unveiled a plan to cut approximately \$2 billion of expenses in the State Budget for the State fiscal year ending March 31, 2009. The proposed cuts would have included an \$836 million reduction in State aid to school districts in the State. Under the Governor's plan, a significant amount of State aid would have been cut from the District's anticipated State aid allotment during its 2008-2009 fiscal year.

Thereafter, on November 18, 2008, the New York State Legislature convened an emergency session to consider the Governor's plan, but concluded the session without taking any action on such plan. Subsequently, the Governor stated publicly that there would be no reductions in State aid that would occur during the 2008-2009 school fiscal year.

One month later, the Governor presented his 2009-2010 proposed budget, which included significant reductions in State aid to school districts. Nonetheless, on April 2, 2009, the State Legislature adopted the State's 2009-2010 budget, which maintained State aid funding to school districts at the 2008-2009 levels by appropriating monies allotted to the State in the American Reinvestment and Recovery Act of 2009 (the "Federal Stimulus Act").

On October 15, 2009, in response to updated budget projections, the Governor proposed reducing the current 2009-2010 State Budget by \$3.0 billion, including \$480 million in education spending. The State Legislature convened in Special Session to consider the Governor's deficit reduction plan and to develop other proposals to address the imbalance in the State's 2009-2010 Budget, which is estimated to be between \$3.2 billion and \$4.0 billion.

On December 2, 2009 after much discussion, the Legislature adopted a \$2.7 billion deficit reduction plan to partially reduce the State's budget deficit, without impacting any State aid funding to public school districts. The measures do not completely cover the full scope of the deficit and as a result the Governor has stated that he will reduce or delay aid payments to school districts and hospitals for the balance of the State's current fiscal year ending March 31, 2010. The District cannot predict at this time whether there will be any delays and reductions in State aid in the current year ending June 30, 2010.

On January 19, 2010, the Governor submitted his proposed Executive Budget for the State's fiscal year ending March 31, 2011. The Executive's Budget recommends a total reduction in State aid of approximately \$2.1 billion; however, the Governor's Executive Budget includes Federal Stimulus funding of approximately \$726,000 to offset some of the reductions in State aid. As a result, the net State aid reduction totals approximately \$1.4 billion. The Executive Budget is subject to review and modification by the New York State Legislature. The District cannot predict at this time whether the proposed reductions in State aid as put forth by the Governor will be included in the State's 2010-2011 budget, or whether the State aid reduction proposal will be modified, revised or eliminated by the New York State Legislature. The State Legislature has not adopted a budget for the State's 2010-2011 fiscal year and it is unclear when a budget will be adopted.

In addition, on March 30, 2010 the Governor announced that he would unilaterally delay the distribution of approximately \$2.1 billion in scheduled 2010-2011 State aid payments for school districts throughout the State.

On May 14, 2010, Governor Paterson proposed another delay in State aid, but also assured school districts that all outstanding aid payments will be made prior to June 30, 2010. Under the Governor's proposal, the outstanding aid payments which had been paid in prior years by March 31st, will be paid in two installments, with one payment being made before June 15th and the second being made after June 15th. The State typically receives income tax revenues on June 15th which are expected to enable the payment of the balance of aid due to school districts. As of the date hereof, it is unknown when such aid will ultimately be paid to school districts.

Although the District cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, or whether there will be additional Federal Stimulus Act monies made available to pay State aid in future years, the District may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing. (See "BONDHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE" herein).

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.

Employee Pension System

Professional employees (teachers and administrators) are members of the New York State Teachers' Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All non-professional employees of the District eligible for pension or retirement benefits are members of the New York State and Local Employees' Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to the members hired prior to July 1, 1976. All members of the respective systems hired on or after July 1, 1976, contribute 3% of their gross annual salary toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of service credit. On December 10, 2009, the Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries and new TRS employees in Tier 5 will contribute 3.5% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

With regard to the ERS, a pension reform bill has been signed by the Governor into Law as Chapter 49 of the Laws of 2003. Chapter 49 changes the cycle of billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the new system the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. Chapter 49 requires the District 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 contribution possible.

On July 20, 2004 the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, the Governor signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004. It increased, from five to ten years, the maximum amortization period of the portion of employer contributions that exceeds 7% of payroll for the 2004-2005 fiscal year of the Retirement System. It also allowed employers to bond for their 2005-2006 and 2006-2007 fiscal year contributions in excess of 9.5% and 10.5%, respectively. This amortization may be made with the Retirement System or the District could issue a maximum of 10 year general obligation bonds, the interest on which would be set at prevailing bond market rates on the date of sale and would be taxable for federal income tax purposes.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by Chapter 49. At this time the District is unable to predict the amount of any such increase. To mitigate the expected increases in the employer contribution rate, legislation has been proposed that would permit local governments and schools districts to issue bonds to fund the required increased contribution. The District cannot predict at this time whether such legislature will be enacted into law.

Other Post Employment Benefits

School Districts and Boards or 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 protections 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 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.

It should also be noted that the District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the District, to account for the cost of certain non-pension post-employment benefits as it accounts for vested pension benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, 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.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each municipality or school district. 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 or school district 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 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The District has retained an independent firm to conduct the actuarial valuation and as of June 30, 2009 the actuarial accrued liability for the District is \$49 million and the ARC is \$4 million.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

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 Suffolk County Tax Act and the Real Property Tax Law. Real property assessment rolls used by the District are prepared by Towns of Brookhaven and Riverhead. Assessment valuations are determined by the Town 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.

Tax Collection Procedure

Property taxes for the District, together with town and County taxes, are collected by the town tax receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The District receives its full levy before the end of its fiscal year. Uncollected amounts are not segregated by the town tax receiver, and any deficiency in tax collection is the County's liability.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR Program on or about the first business day of January in each year.

Valuations, Rates, Levies and Collections

A summary of Valuations, Rates, Levies and Collections is contained in Appendix A.

Selected Listing of Large Taxable Properties
2009-10 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
Keyspan Generation LLC	Utility	\$650,167,143
Long Island Power Authority	Utility	283,855,844
Cross Sound Cable Co LLC	Commercial	23,903,766
TGC Operating Company LLC	Commercial	12,123,377
Verizon	Utility	6,298,052
RFP LLC C/O AGFA Corp	Commercial	5,581,818
Jeetish Management Inc.	Commercial	4,298,701
Marketspan Generation LLC	Utility	3,870,130
Maria Associates LLC	Commercial	2,974,026
Wading River Associates	Commercial	<u>2,389,610</u>
		<u>\$995,462,467¹</u>

1. Represents 32.05% of the taxable full valuation of the District for 2009-10.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe that such suits individually or in the aggregate are likely to have a material adverse effect on the financial condition of the District, with the exception of the following:

Town of Brookhaven v. Shoreham Wading River Central School District
Claim arising out of LILCO "Phase I" Tax Judgment

LILCO challenged the assessments on the Shoreham plant for the tax years 1976-77 through 1991-92 (except 1979-80).

On October 26, 1992, the Supreme Court, Suffolk County (Stark, J.) issued a decision reducing the assessments for tax years 1976/77 through 1983/84 (referred to as "Phase I"), which gave rise to a tax refund liability of approximately \$81 million, including interest, through July 1995. Upon exhausting all rights of appeal, the judgment became final and was paid by the County of Suffolk to LILCO on January 3, 1996. The School District is potentially chargeable with approximately \$33.01 million of that sum, plus an approximate additional \$5 million in interest to date – subject to litigation with the Town of Brookhaven (see below).

For this case, the State Legislature authorized the County of Suffolk to borrow the refunds attributable to the Town of Brookhaven and the District to reduce the overall bonding costs. The County and the Town are now paying the debt service on that borrowing. If the District were responsible for the maximum proportionate share of Phase I tax refunds potentially chargeable to it under the Suffolk County Tax Act ("SCTA"), the District's annual payments in connection with the Phase I tax certiorari judgment would be approximately \$5,000,000.

The SCTA provides that court-ordered refunds of overpaid taxes shall be charged by the County to the town in which the subject real property is located, and that generally such refunds may not be charged by such town to the school district in which the subject property is located – with the exception of overpaid school taxes on "property improved by a nuclear powered electrical generating facility." In that event, a 1983 amendment to the SCTA (Chapter 1018 of the Laws of 1983) directs that the amount of overpaid school district taxes shall be charged by the town to such a school district having a nuclear power station. The Town of Brookhaven is thus seeking to recover from the District those refunds of school taxes that are being financed by the Town of Brookhaven.

On November 23, 1998, the Town of Brookhaven commenced two lawsuits against the District, a proceeding pursuant to Article 78 of the Civil Practice Law and Rules and an action for monetary recovery seeking \$33.1 million plus interest. The District answered the claims with the defenses that the 1983 amendment to the SCTA allegedly imposing the refund liability is not retroactively applicable to the tax years prior to the enactment, and that the Town's applications have not been timely made. The Town and District have entered into an agreement deferring any further action pending negotiations between the parties. If the District were responsible for the 1983-84 tax refunds only, its liability would be approximately \$5.2 million plus interest. If the District agrees or is ordered to pay Brookhaven an amount that is more than five percent of the real property tax levy of the School District for the year in which the payment were to be made, the School District would be entitled to finance the payment by the issuance of serial bonds having a maturity of up to twenty years.

On July 17, 2003, the Town of Brookhaven and the School District entered into an Inter-Municipal Agreement ("IMA") reflecting a settlement of the Town's claim. Under the IMA, the Town's claim and the District's liability was fixed at \$21,000,000.00 payable by the District in 17 equal annual installments of \$1,235,294.00 each without interest, commencing no later than December 31, 2004 and thereafter on the 15th day of September of each succeeding year. The IMA further provides that the District's share of proceeds of payment by the Long Island Power Authority annually pursuant to a Payment in Lieu of Taxes Agreement ("PILOT AGREEMENT") to local governments covered by the PILOT AGREEMENT will be applied toward the required payments under the IMA from the District to the Town. Based upon the agreement set forth in the IMA, the lawsuits by the Town against the District were discontinued.

NOTEHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

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. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality 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. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. If the State should for any reason delay in making State aid payments to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by such delay until such State aid payments are made. In addition, there is no assurance that such aid will be continued at current levels during the current fiscal year or in the future fiscal years. If State aid to the District does continue, any unexpected reductions or delays in the receipt thereof might temporarily delay payment by the District of its anticipated and budgeted expenditures, including the payment of debt service on outstanding bonds (see "Finances of the District" and "Revenues" herein). 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 and not by a cut in State aid (see "Recent Events Affecting State Aid to New York School Districts"), the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Future amendments to applicable statutes affecting the treatment of interest paid on municipal bonds, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "Tax Exemption" herein).

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 imposed on individuals and corporations under the

Code and such interest is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. The arbitrage and use of proceeds 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 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 to the District expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. 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 its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or on the exemption from state and local tax law 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 means the first price at which a substantial amount of the Notes of that maturity was sold (excluding sales to note houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). 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 Note having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Note 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 unless the recipient is one of a limited class of exempt recipients, including corporations. 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, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law and 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.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District shall furnish a certificate of the School District Attorney, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been disclosed in this Official Statement.

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. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. Said opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement of the District relating to the Notes, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which have been or may be furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the Purchasers will be furnished with the following items: (I) a Certificate of the President of the Board of Education and the Deputy Superintendent to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by an officer of the District evidencing payment for the Notes; (iii) a Signature Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of any of the officers thereof to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a Tax Certificate executed by the President of the Board of Education, as described under "Tax Matters," herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, 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, timely notice of the occurrence of any of the following events with respect to the Notes, if material:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the

Notes; (vii) modifications to rights of Noteholders; (viii) bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes; and (xi) rating changes.

The District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

The District is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12.

RATING

The Notes are not rated.

FINANCIAL ADVISOR

Munistat Services, Inc. has acted as the Financial Advisor to the District in connection with the sale of the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the Business office of the Shoreham-Wading River Central School District, 250 Route 25A, Shoreham, New York 11786, telephone number 631/821-8110, email: fcaglianone@swr.k12.ny.us or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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.

Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the District, expresses no opinion on the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including the financial or statistical information in this Official Statement and the appendices hereto.

The preparation and distribution of this Official Statement has been authorized by the applicable tax and revenue anticipation note resolution of the District which delegate to the President of the Board of Education the power to sell and issue the Notes.

By: s/s SCOTT ERICSON
President of the Board of Education
Shoreham-Wading River Central School District
Shoreham, New York

June 10, 2010

APPENDIX A

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Valuation:					
Town of:					
Brookhaven	\$ 17,758,129	\$ 17,903,572	\$ 17,845,189	\$ 17,564,976	\$ 17,436,538
Riverhead	<u>103,758,789</u>	<u>106,235,700</u>	<u>105,495,020</u>	<u>104,513,556</u>	<u>103,785,985</u>
Total Assessed Valuation	<u>\$ 121,516,918</u>	<u>\$ 124,139,272</u>	<u>\$ 123,340,209</u>	<u>\$ 122,078,532</u>	<u>\$ 121,222,523</u>
Equalization Rates:					
Town of:					
Brookhaven	0.84%	0.76%	0.70%	0.73%	0.77%
Riverhead	13.05%	11.54%	10.60%	11.09%	12.34%
Full Valuation :					
Town of:					
Brookhaven	\$ 2,114,062,976	\$ 2,355,733,158	\$ 2,549,312,714	\$ 2,406,161,096	\$ 2,264,485,455
Riverhead	<u>795,086,506</u>	<u>920,586,655</u>	<u>995,236,038</u>	<u>942,412,588</u>	<u>841,053,363</u>
Total Full Valuation	<u>\$ 2,909,149,482</u>	<u>\$ 3,276,319,813</u>	<u>\$ 3,544,548,752</u>	<u>\$ 3,348,573,684</u>	<u>\$ 3,105,538,818</u>

**Statement of Revenues, Expenditures and Changes in Fund Equity
General Fund**

Fiscal Year Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES					
Real Property Taxes	\$ 31,059,584	\$ 31,462,038	\$ 31,655,202	\$ 31,965,967	\$ 31,784,260
Other Real Property Tax Items	5,549,379	5,422,128	5,090,182	5,011,271	4,724,298
Charges for Services	876,727	770,904	802,471	736,711	667,306
Use of Money and Property	392,033	475,870	565,252	363,195	159,874
Sale of Property & Comp. for Loss	124,022			3,395	0
Miscellaneous	108,561	262,966	360,642	523,893	717,898
State Sources	4,494,353	5,753,620	6,676,710	7,334,504	16,918,903
Federal Sources	31,535	44,283	12,093	33,435	2,128
TOTAL REVENUES	<u>42,636,194</u>	<u>44,191,809</u>	<u>45,162,552</u>	<u>45,972,371</u>	<u>54,974,667</u>
EXPENDITURES					
General Support	7,842,327	8,078,969	7,990,250	8,256,269	9,725,824
Instruction	24,005,387	24,410,190	26,099,913	27,398,268	28,677,073
Pupil Transportation	2,629,332	2,804,164	3,146,609	3,383,158	2,977,869
Community Services	207,272	233,747	280,535	217,085	230,529
Employee Benefits	9,338,635	9,700,419	10,839,820	10,960,544	11,039,328
Debt Service	25,109	63,102	89,700	158,140	862,847
TOTAL EXPENDITURES	<u>44,048,062</u>	<u>45,290,591</u>	<u>48,446,827</u>	<u>50,373,464</u>	<u>53,513,470</u>
Excess (Deficit) Revenues Over Expenditures	(1,411,868)	(1,098,782)	(3,284,275)	(4,401,093)	1,461,197
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	0	0	0	165,752	62,902
Operating Transfers Out	(168,706)	(57,686)	(56,547)	(60,190)	(1,264,263)
TOTAL OTHER FINANCING SOURCES	<u>(168,706)</u>	<u>(57,686)</u>	<u>(56,547)</u>	<u>105,562</u>	<u>(1,201,361)</u>
NET CHANGE IN FUND EQUITY	<u>(1,580,574)</u>	<u>(1,156,468)</u>	<u>(3,340,822)</u>	<u>(4,295,531)</u>	<u>259,836</u>
Other Changes in Fund Equity	1,950,000	1,825,000	0	0	0
Fund Equity - Beginning of Year	10,463,473	10,832,899	11,501,431	8,160,609	3,865,078
Fund Equity - End of Year	\$ <u>10,832,899</u>	\$ <u>11,501,431</u>	\$ <u>8,160,609</u>	\$ <u>3,865,078</u>	\$ <u>4,124,914</u>

Source: Audited Annual Financial Reports of the School District. Table itself is not audited.

Balance Sheet - General Fund

	<u>June 30, 2008</u>	<u>June 30, 2009</u>
ASSETS:		
Cash	\$ 4,759,427	\$ 20,017,133
Receivables		
Accounts Receivable	34,093	25,725
Taxes Receivable	153,370	242,709
Due from Other Funds	1,790,853	554,507
Due from Other Governments	<u>1,078,029</u>	<u>1,899,587</u>
 Total Assets	 <u>\$ 7,815,772</u>	 <u>\$ 22,739,661</u>
 LIABILITIES:		
Payables		
Accounts Payable	\$ 510,667	\$ 1,473,344
Accrued Liabilities	42,285	25,484
TANs Payable	0	10,600,000
RANs Payable	0	3,800,000
Due to Other Funds	852,411	459,297
Due to Other Governments	139,323	139,323
Due to Teachers' Retirement System	2,229,109	2,006,580
Due to Employees' Retirement System	93,854	86,056
Deferred Revenues	<u>83,045</u>	<u>24,663</u>
 Total Liabilities	 <u>3,950,694</u>	 <u>18,614,747</u>
 FUND BALANCES:		
Reserved for Encumbrances	363,551	184,049
Reserved for Workers' Compensation	283,925	287,551
Reserved for Unemployment Insurance	115,303	116,776
Reserved for Employee Benefit Accrued Liability	5,229,979	5,244,833
Reserved for Repairs	626,025	26,358
Unreserved		
Designated for Subsequent Year's Expenditures	0	0
Unreserved - Undesignated	<u>(2,753,705)</u>	<u>(1,734,653)</u>
 Total Fund Equity	 <u>3,865,078</u>	 <u>4,124,914</u>
 Total Liabilities and Fund Equity	 <u>\$ 7,815,772</u>	 <u>\$ 22,739,661</u>

Source: Audited Annual Financial Reports of the School District.

NOTE: This schedule NOT audited

Budget Summaries
General Fund

	Fiscal Year Ending June 30:	
	<u>2009-10(1)</u>	<u>2010-11(2)</u>
Revenues:		
Real Property Taxes including STAR	\$ 44,216,486	\$ 47,318,444
Prior Year State Aid	0	0
PILOT	1,235,294	1,235,294
State Aid	9,345,745	8,434,762
Other Revenues	1,111,860	978,977
Appropriated Reserves	0	0
 Total Revenues	 \$ 55,909,385	 \$ 57,967,477
 Expenditures:		
General Support	\$ 8,651,293	\$ 8,811,407
Instruction	30,352,772	30,427,911
Pupil Transportation	3,180,327	3,297,998
Community Services	566,538	288,347
Employee Benefits	12,233,686	14,165,976
Debt Service	857,169	742,238
Interfund Transfers	67,600	233,600
 Total Expenditures	 \$ 55,909,385	 \$ 57,967,477

(1) Contingent Budget adopted by the Board of Education following the defeat of the proposed budget by the voters on May 19, 2009.

(2) Approved by the voters of the District on May 18, 2010

APPENDIX B

CASH FLOW SUMMARIES

SHOREHAM-WADING RIVER CSD
Cash Flow, 2009-10
Actual through April 2010

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Balance	18,863	18,429	17,158	15,335	11,451	7,426	5,636	19,477	21,393	21,329	16,849	14,665	18,863
Receipts													
Property Taxes & STAR	0	235	8	0	0	0	19,434	6,255	1,325	594	2,119	14,311	44,281
PILOT Non-Cash	0	0	1,235	0	0	0	0	0	0	0	0	0	1,235
Prior Years State Aid	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	3	17	10	23	23	7	4	7	8	8	9	10	129
Grants	0	0	81	165	0	40	0	10	0	0	0	275	571
State Aid	17	457	1,313	25	225	561	86	30	1,686	668	0	1,716	6,784
TRS Non-Cash	0	0	669	669	669	0	0	0	0	0	0	0	2,007
Other	588	61	424	156	86	83	200	364	576	159	167	1	2,865
RAN Proceeds	0	0	0	0	0	0	0	0	0	0	0	3,800	3,800 a
TAN Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	608	770	3,740	1,038	1,003	691	19,724	6,666	3,595	1,429	2,295	20,113	61,672
Disbursements													
Salaries	469	568	1,408	3,474	2,389	2,492	2,322	2,332	2,354	3,557	2,419	5,267	29,051
Health Insurance	0	515	1,006	0	518	(518)	1,531	1,085	0	936	607	418	6,098
BOCES	10	10	0	1	192	0	646	255	0	355	296	783	2,548
Payment of EPC	0	444	0	0	0	0	0	0	0	0	0	0	444
TRS Non-Cash	0	0	669	669	669	0	0	0	0	0	0	0	2,007
TAN Principal	0	0	0	0	0	0	0	0	0	0	0	10,600	10,600 a
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	194	194
RAN Principal	0	0	0	0	0	0	0	0	0	0	0	3,800	3,800
RAN Interest	0	0	0	0	0	0	0	0	0	0	0	106	106
Transportation	18	0	254	0	173	402	273	256	542	0	263	940	3,121
Other	545	504	991	577	883	99	1,108	622	709	753	894	5,196	12,881
Transfers to Cafeteria	0	0	0	1	4	6	3	0	4	3	0	0	21
Transfers to Capital	0	0	0	200	100	0	0	100	0	300	0	2,700	3,400
Transfers to Federal	0	0	0	0	100	0	0	100	50	5	0	475	730
LIPA - non-cash	0	0	1,235	0	0	0	0	0	0	0	0	0	1,235
Total Disbursements	1,042	2,041	5,563	4,922	5,028	2,481	5,883	4,750	3,659	5,909	4,479	30,479	76,236
Balance	18,429	17,158	15,335	11,451	7,426	5,636	19,477	21,393	21,329	16,849	14,665	4,299	4,299
Note Repay Fund													
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	10,600	10,600 a
Disbursements	0	0	0	0	0	0	0	0	0	0	0	10,600	10,600
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. RAN repayment in June 2010 to be funded from from the proceeds of renewal notes to be issued in June 2010.
TAN repayment in June 2010 to be funded from the proceeds of real property taxes levied and collected for the 2009-2010 fiscal year.

SHOREHAM-WADING RIVER CSD

Cash Flow, 2010-11

Projected

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Balance	4,299	15,723	14,710	13,137	8,386	4,302	1,254	17,685	20,772	20,164	15,592	11,074	4,299
Receipts													
Property Taxes & STAR	0	473	0	0	0	0	20,820	6,625	1,420	473	2,366	15,142	47,319
PILOT Non-Cash	0	0	1,235	0	0	0	0	0	0	0	0	0	1,235
Prior Years State Aid	0	0	0	0	0	0	0	0	0	0	0	3,800	3,800
Interest	3	17	10	23	23	7	4	7	23	11	5	8	141
Grants	0	0	0	0	100	100	166	0	0	0	0	200	566
State Aid	15	400	1,260	25	220	560	80	30	1,500	380	0	1,306	5,776
TRS Non-Cash	0	0	669	669	669	0	0	0	0	0	0	0	2,007
Other	148	61	424	129	73	80	196	364	238	4	3	4	1,724
RAN Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0 a
TAN Proceeds	12,900	0	0	0	0	0	0	0	0	0	0	0	12,900
Total Receipts	13,066	951	3,598	846	1,085	747	21,266	7,026	3,181	868	2,374	20,460	75,468
Disbursements													
Salaries	581	581	1,452	3,484	2,323	2,323	2,323	2,323	2,323	3,484	2,323	5,517	29,037
Health Insurance	521	521	521	521	521	521	521	521	521	521	521	519	6,250
BOCES	10	10	0	1	183	0	670	274	0	365	740	792	3,045
Payment of EPC	0	444	0	0	0	0	0	0	0	0	0	0	444
TRS Non-Cash	0	0	669	669	669	0	0	0	0	0	0	0	2,007
TAN Principal	0	0	0	0	0	0	0	0	0	0	0	12,900	12,900 a
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	220	220
RAN Principal	0	0	0	0	0	0	0	0	0	0	0	3,800	3,800
RAN Interest	0	0	0	0	0	0	0	0	0	0	0	78	78
Transportation	33	35	323	323	323	323	323	323	323	323	323	323	3,298
Other	497	373	871	498	746	622	995	498	622	747	2,985	3,120	12,574
Transfers to Cafeteria	0	0	0	1	4	6	3	0	0	0	0	0	14
Transfers to Federal	0	0	100	100	400	0	0	0	0	0	0	200	800
LIPA - non-cash	0	0	1,235	0	0	0	0	0	0	0	0	0	1,235
Total Disbursements	1,642	1,964	5,171	5,597	5,169	3,795	4,835	3,939	3,789	5,440	6,892	27,469	75,702
Balance	15,723	14,710	13,137	8,386	4,302	1,254	17,685	20,772	20,164	15,592	11,074	4,065	4,065
Note Repay Fund													
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	12,900	12,900 a
Disbursements	0	0	0	0	0	0	0	0	0	0	0	12,900	12,900
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. RAN repayment in June 2011 to be funded from from state aid revenue.

TAN repayment in June 2011 to be funded from the proceeds of real property taxes levied and collected for the 2010-2011 fiscal year.