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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 3, 2017

REFUNDING SERIAL BONDS **RATING – MOODY'S INVESTORS SERVICE:**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters". The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

SYOSSET CENTRAL SCHOOL DISTRICT,
NASSAU COUNTY, NEW YORK
(the "District")

$5,375,000* SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2017
[BOOK-ENTRY-ONLY BONDS]
(The "Bonds")

Dated: Date of Delivery

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds are general obligations of the Syosset Central School District, Nassau County, New York and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. (See "Tax Levy Limitation Law" herein).

Prior Redemption: The Bonds are NOT subject to redemption prior to maturity.

Form and Denomination: The Bonds will be issued as registered bonds, 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 Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. See "Book-Entry-Only System" under "The Bonds," herein.

Payment: Payment of the principal of and interest on the Bonds to the Beneficial Owners of the Bonds 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" under "The Bonds," herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of an approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about November 9, 2017.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

*Preliminary, subject to change.

SYOSSET CENTRAL SCHOOL DISTRICT,
NASSAU COUNTY, NEW YORK

$5,375,000* SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2017

MATURITIES, RATES AND YIELDS (OR PRICES)

Principal Due: July 15, 2018-2021, inclusive
Interest Due: January 15, 2018 and semi-annually thereafter in each year until maturity

Year	Amount	Rate	Yield or Price	CUSIP #
2018	$ 1,305,000			
2019	1,335,000			
2020	1,345,000			
2021	1,390,000			

*Preliminary, subject to change.

SYOSSET CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

99 Pell Lane
Syosset, NY 11791
Telephone: 516/364-5600
Fax: 516/921-5616

BOARD OF EDUCATION

Dr. Michael Cohen, President
Tracey Frankel, Vice President

Carol C. Cheng
Christopher DiFilippo
Andrew Feldman
Rob Gershon
Joshua A. Lafazan
Anna Levitan
Susan Parker

Dr. Thomas Rogers, Superintendent of Schools
Adele Bovard, Deputy Superintendent of Schools
Dr. Patricia M. Rufo, Assistant Superintendent for Business

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, NY 11776
(631) 331-8888

E-mail: info@munistat.com
Website: http://www.munistat.com

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS - CONTINUED

Page

OFFICIAL STATEMENT

SYOSSET CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

$5,375,000* SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2017
[BOOK-ENTRY-ONLY BONDS]

This Official Statement and appendices thereto present certain information relating to the Syosset Central School District, Nassau County, in the State of New York (the "District" and "State," respectively) in connection with the sale of $5,375,000* School District Refunding (Serial) Bonds, 2017 (the "Bonds.")

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

THE BONDS

Description of the Bonds

The Bonds will be dated date of delivery, and will mature in the principal amounts on July 15, in each of the years 2018 to 2021, inclusive, as set forth on the inside cover page. Interest on the Bonds will be payable January 15, 2018, and semi-annually thereafter in each year until maturity.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

The Record Date of the Bonds will be the last business day of the month preceding each interest payment date.

The District will act as Paying Agent for the Bonds. The District's contact information is as follows: Patricia M. Rufo, Ed.D, Assistant Superintendent for Business, Syosset Central School District, 99 Pell Lane, PO Box 9029, Syosset, New York 11791-9029, telephone number 516/364-5651, email: prufo@syossetschools.org.

Optional Redemption

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

Nature of Obligation

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

Holders of any series of bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of bonds.

*Preliminary, subject to change.

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable statutory limitations. See "Tax Levy Limitation Law", herein.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law.") The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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 Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Levy Limitation Law," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the district's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the district's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the District's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted . . .. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded."

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders and noteholders are constitutionally protected against an attempt by the State to deprive the district of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the district to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

The Tax Levy Limit Law

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional questions was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

The Bonds when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property

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 certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Authority to File For Municipal Bankruptcy

The Federal Bankruptcy Code allows public bodies, such as counties, city, town or school district, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the District be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the District could be adversely affected by the restructuring of the District's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the District (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the District under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commerce or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such District of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, as described below, authorizing any county, city, town or school district with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or school district. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or school district upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict , subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and school districts so as to prevent abuses in taxation and assessment and in contracting indebtedness by them. In 2013, the State established a new state advisory board to assist counties, cities, towns and school district in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The District is not working with the FRB. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation

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

No Past Due Debt

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

Book-entry-only System

DTC will act as securities depository for the Bonds. Such DTC Bonds will be issued as fully-registered securities, 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 bond certificate will be issued and deposited with DTC for each maturity of the Bonds.

DTC is 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 facilities 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 certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants.") The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts 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.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the District, 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 the responsibility of Direct and Indirect Participants.

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

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; OR (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in registered form in denomination of $5,000, or integral multiples thereof, principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company located in the State to be named by the District as the fiscal agent; certificated Bonds may be transferred or exchanged at no cost to the owner of such bonds at any time prior to maturity at the corporate trust office of the fiscal agent for bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of The Board President authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and a refunding bond resolution duly adopted by the Board of Education on April 20, 2017 (the "Refunding Bond Resolution"), authorizing the refunding of all or a portion of the outstanding $5,310,000 of the $12,135,000 School District Refunding (Serial) Bonds, 2007 (the "2007 Bonds.") The amounts to be refunded (the "Refunded Bonds") are set forth below:

$12,135,000 SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2007 DATED MARCH 15, 2007

MATURITY DATE	AMOUNT OUTSTANDING	INTEREST RATE	DATE OF REDEMPTION	CALL PRICE	CUSIP NUMBERS
JULY 15, 2018	$1,235,000	5.000%	12/12/2017	100.00	871633JD6
JULY 15, 2019	1,305,000	4.250	12/12/2017	100.00	871633JE4
JULY 15, 2020	1,355,000	4.000	12/12/2017	100.00	871633JF1
JULY 15, 2021	1,415,000	4.000	12/12/2017	100.00	871633JG9

The Refunding Bond Resolution authorizes the issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds. All proceeds of the Refunded Bonds have been previously expended.

For further information regarding bond authorizations of the District for capital purposes and other matters relating thereto see "Indebtedness of the District."

Refunding Financial Plan

The Refunding Financial Plan will permit the District to realize, as a result of the issuance of the Bonds, cumulative dollar and present-value debt service savings.

The net proceeds of the Bonds (after payment of the purchaser's compensation and other costs of issuance relating to the Bonds), including, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations") purchased with the net proceeds of the Bonds and uninvested cash from the sale of the Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by The Bank of New York Mellon (the "Escrow Holder"), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the "Escrow Contract"). The amounts so deposited and maturing Government Obligations, if any, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the District and Escrow Contract, to pay the Refunded Bonds at maturity or at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, and/or other monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payments by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the District. However, inasmuch as the Government Obligations and/or available monies held in the Escrow Fund will be sufficient to meet all required payments of principal and interest requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Bond Proceeds

Sources:	
Par Amount of Bonds	$
Original Issue Premium (Discount)	
Total	$
Uses:	
Escrow Deposit	$
Underwriters' Discount	
Allowance for Costs of Issuance and Contingency	
Total	$

Continuing Disclosure Undertaking

At the time of delivery of the Bonds, the District will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interest in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

(1) (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated June 21, 2016 relating to the Bonds under the headings "The District", "Indebtedness of the District", "Finances of the District," "Real Property Tax Information", "Litigation" and all Appendices (other than any related to bond insurance) by the end of the eighth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2018, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2017; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii)

modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers, dated September 19, 1995. However, event (iii) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (iv) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

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

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 Bonds; but the District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

(3) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

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 Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. 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 Bonds, 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 Bonds.

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.

Compliance History

On August 8, 2014, the District filed a material event notice regarding the status of the ratings of the bond insurers on various bonds issued by the District. Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody's, Standard & Poor's and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

The underlying credit of the District was not affected by downgrades to the bond insurance companies.

Pursuant to Undertakings previously entered into by the District, the District is required to file a Statement of Financial and Operating Information within 6 months of the end of the fiscal year along with audited financial statements, if available. If an audited financial statement is prepared, it must be filed within sixty (60) days following the receipt by the District, but in no event not later than the last business day of each such succeeding fiscal year. The following table sets forth the annual filings for each of the five preceding fiscal years.

Fiscal Year Ending June 30:	Financial & Operating Information	Audited Financial Statements
2012	12/20/2012	12/20/2012
2013	12/13/2013	12/13/2013
2014	12/19/2014	10/31/2014
2015	12/24/2015	11/06/2015
2016	12/21/2016	10/24/2016

To the best of the District's knowledge, the District has not failed in any material respect, to file event notices, audits, or annual financial information within the past five years.

THE DISTRICT

Description

The District is located within the Town of Oyster Bay, in the northeastern portion of Nassau County. The District includes the unincorporated communities of Syosset, Woodbury, Locust Grove and small portions of the Incorporated Villages of Muttontown and Oyster Bay Cove. The District has a land area of approximately 13.5 square miles an estimated population of 34,196.

The District is suburban residential in character. Recent residential construction has included townhouse/condominium developments and private residences in the $600,000 to over $1,000,000 range.

Commercial activity is comprised of large office buildings and retail establishments along the major highways. The District's location in Nassau County and its close proximity to New York City afford residents with many diverse employment opportunities.

Employment opportunities are available to residents of the District throughout Nassau County and western Suffolk County as well as the entire tri-state metropolitan region. Many of the residents of the District commute to New York City for employment.

The Government Employees Insurance Company (GEICO) has a facility located within the District that employs approximately 3,750. Syosset Hospital (part of Northwell Health System) is also located within the District and employs approximately 3,000.

The Port Jefferson branch of the Long Island Rail Road serves the District with a station in Syosset. The scheduled travel time from New York is less than one hour. The eastern portion of the District is served by the Cold Spring Harbor station on the same branch.

The District is also in the center of an excellent road network. The Northern State Parkway forms the approximate southern boundary of the District while Jericho Turnpike cuts through the center from east to west for a distance of about five miles. The Long Island Expressway (New York City to Riverhead) passes through the District, as does the Seaford/Oyster Bay Expressway. The expressways add continued impetus to commercial and industrial development in the Syosset area.

PSEG Long Island and Key Span provide the District with gas and electric service. Water is provided by Jericho Water District. Fire protection is provided by the Syosset Volunteer Fire Department. Police protection is provided by the Nassau County Police Department.

The Board of Education, which is the policy-making body of the School District, consists of nine members with overlapping three year terms. The President and the Vice President are selected by the Board members. The President of the Board is the chief fiscal officer of the School District.

District Organization

The District is an independent entity governed by an elected board of education comprised of nine members. District operations are subject to the provisions of the State Education Law (the "Education Law") affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are elected on a staggered term basis by qualified voters at the annual election of the District held in the spring of each year. The term of office for each board member is three years and the number of terms that may be served is unrestricted. A president is selected by the board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools who serves at the pleasure of the Board. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Business.

Enrollment History

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

School Year	School Enrollment
2013	6,509
2014	6,395
2015	6,303
2016	6,266
2017	6,430

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2018	6,462
2019	6,500

Source: District Officials.

District Facilities

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

Name of School	Grades	Year Originally Built	Enrollment
Baylis Elementary School	K-5	1954	448
Berry Hill Elementary School	K-5	1956	394
Robbins Lane Elementary School	K-5	1957	458
South Grove Elementary School (Inc. Annex)	K-5	1953/58	457
Village Elementary School	K-5	1954	395
Walt Whitman Elementary School	K-5	1954	282
Willits Elementary School	K-5	1954	337
South Woods Middle School	6-8	1959	728
H.B. Thompson Middle School	6-8	1959	851
Syosset High School	9-12	1956	2,112

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
Syosset Teacher's Association	06/30/2020	890
Syosset Principal's Association	06/30/2017[a]	18
Civil Service Employees Association (CSEA)	06/30/2020	506
Syosset Central Administrators and Supervisors	N/A	22
Syosset Administrative Assistants	06/30/2017[a]	5

Source: District Officials.
a. In negotiation.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	District	Town of Oyster Bay	Nassau County	New York State
1980	32,273	305,750	1,287,349	17,557,288
1990	32,889	292,657	1,334,545	17,990,455
2000	33,716	293,925	1,339,533	18,976,457
2010	37,751	301,640	1,337,557	19,541,453
2015	34,196	296,876	1,354,612	19,673,174

Source: Long Island Power Authority and U.S. Bureau of the Census.

Income Data

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

	Per Capita Money Income			
	1990	2000	2010	2015[a]
Town of Oyster Bay	$24,469	$35,895	$46,295	$50,950
County of Nassau	23,352	32,151	40,912	44,358
State of New York	16,501	23,389	30,948	34,297

	Median Household Income			
	1990	2000	2010	2015[a]
Town of Oyster Bay	$59,286	$78,839	$104,110	$117,362
County of Nassau	54,283	72,030	96,626	101,830
State of New York	32,965	43,393	55,603	60,850

Source: United States Bureau of the Census
a. Note: Based on American Community Survey 1-Year Estimate (2015)

Unemployment Rate Statistics

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

Annual Averages:	Town of Oyster Bay	Nassau County	New York State
2012	6.5	7.2	8.6
2013	5.5	6.0	7.7
2014	4.4	4.8	6.4
2015	4.0	4.3	5.3
2016	3.6	3.9	4.9
2017 (5 Months)	3.7	3.9	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Bonds.

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, 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 expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average period of probable usefulness thereof; and 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 and bond anticipation notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", 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. However, the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limitation Law. See "Tax Levy Limitation Law," herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional and 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 by the adoption of a bond ordinance approved by at least two-thirds of the members of the Board of Education, the finance board of the District.

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 is in compliance with such requirement with respect to the bond resolution authorizing the issuance of the Bonds.

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 and notes 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 that principal is amortized and provided that such renewals do not (with certain exceptions) 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 reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. See "Payment and Maturity" under "Constitutional Requirements".

In addition, under each bond resolution, the Board of Education may delegate, and has delegated, power to issue and sell bonds, to the President of the Board of Education, the chief fiscal officer of the District.

In general, the Local Finance Law contains similar provisions providing the District with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessment rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limitation Law, imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limitation Law. See "Tax Levy Limitation Law," herein.

Computation of Debt Limit and Debt Contracting Margin
(As of October 3, 2017)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Oyster Bay (2016-2017) [a]	$22,541,556	0.26%	$8,669,829,231
Huntington (2016-17)	$3,800	0.85%	$447,059
	$22,545,356		$8,670,276,290
Debt Limit - 10% of Average Full Valuation			$867,027,629
Inclusions: [b]			
Outstanding Bonds			$23,300,000
Bond Anticipation Notes			0
Total Indebtedness			23,300,000
Exclusions (Estimated Building Aid) [c]			3,754,133
Total Net Indebtedness			19,545,867
Net Debt Contracting Margin			$847,481,762
Per Cent of Debt Contracting Margin Exhausted			2.31%

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

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has tax anticipation notes outstanding in the amount of $23,500,000 which mature on June 27, 2018. Such amount is expected to be paid in full with the receipt of the District's tax levy.

Trend of Outstanding Indebtedness

As at June 30:

	2013	2014	2015	2016	2017
Bonds	$38,550,000	$33,775,000	$30,390,000	$26,905,000	$23,300,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
Total	$38,550,000	$33,775,000	$30,390,000	$26,905,000	$23,300,000

Debt Service Requirements - Outstanding Bonds

FYE June 30:	Principal	Interest	Total
2018	$3,050,000	$959,550	$4,009,550
2019	3,185,000	828,824	4,013,824
2020	3,335,000	688,893	4,023,893
2021	3,465,000	550,988	4,015,988
2022	3,630,000	399,888	4,029,888
2023	2,290,000	263,013	2,553,013
2024	1,330,000	176,550	1,506,550
2025	1,400,000	112,305	1,512,305
2026	1,465,000	43,400	1,508,400
2027	150,000	3,750	153,750
	$23,300,000	$4,027,161	$27,327,161

Revenue and Tax Anticipation Notes

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

FYE June 30:	Amount	Type	Issue	Maturity
2013	$20,500,000	TAN	08/09/2012	06/21/2013
2014	19,000,000	TAN	09/10/2013	06/27/2014
2015	21,000,000	TAN	09/23/2014	06/25/2015
2016	24,000,000	TAN	09/30/2015	06/28/2016
2017	21,000,000	TAN	09/23/2016	06/27/2017
2018	23,500,000	TAN	08/29/2017	06/27/2018

Authorized and Unissued Debt

The District has authorized and unissued debt outstanding for the refunding of the District's 2007 Bonds of which will be funded by the bond issuance.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Nassau	04/30/2016	4.20	$174,657,672	$148,385,580
Town of Oyster Bay	12/01/2016	15.95	130,955,083	116,325,804
Totals			$305,612,755	$264,711,384

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

Debt Ratios
(As of October 3, 2017)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$ 20,870,000	$ 610	0.239
Net Direct Debt	17,507,393	512	0.200
Total Direct & Applicable Total Overlapping Debt	326,482,755	9,547	3.735
Net Direct & Applicable Net Overlapping Debt	282,218,777	8,253	3.229

a. The current population of the District is 34,196.
b. The full valuation of taxable property is $8,740,293,333.

FINANCES OF THE DISTRICT

Independent Audit

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, 2016. A copy of such report is included herein as Appendix C.

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

On May 16, 2017, a majority of the voters of the District approved the District's budget for the 2017-2018 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2016-2017 and 2017-2018 may be found in Appendix A, herein.

At the May 16, 2017 Annual District Election and Budget Vote, voters approved the expenditure of ($7,727,990) from the Capital Reserve Fund for Facility Repairs and Improvements. The safety upgrades, which represent the district's most time-sensitive projects, began with plans and specifications being submitted to NYSED Facilities Planning and with plans for some work to begin during the school year, where possible and in the following summers.

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, the State is expected to make STAR payments representing tax savings provided by school districts to their taxpayers under the STAR Program (See *"STAR - School Tax Exemption"* herein).

The District is dependent in 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 or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of such uncollected State aid. (See *"Events Affecting State Aid to New York State School Districts"* herein).

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 including State fiscal stress. State aid appropriated and apportioned to the District can be paid only if the State has such monies available. 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.

Recent Events Affecting State Aid to New York School Districts

State aid to school districts in the State has declined in some recent years.

School district fiscal year (2009-2010): Total State aid for the 2009-2010 fiscal year was maintained at the 2008-2009 levels in part due to the use of Federal aid made available as part of the American Reinvestment and Recovery Act of 2009 ("ARRA"). During said fiscal year, the District's receipt of State aid was delayed as a result of several initiatives adopted by then Governor Paterson in response to the State's ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010.

School district fiscal year (2010-2011): The total reduction in State aid for the 2010-2011 fiscal year was approximately $2.1 billion; however, this amount was partially offset by $726 million Federal aid for education, including funding from ARRA and other federal initiatives. As a result, the net State aid reduction totaled approximately $1.4 billion.

School district fiscal year (2011-2012): The total reduction in State aid for the 2011-2012 fiscal year was $1.3 billion or 6.1 percent from the previous year, and all aid was received on time.

School district fiscal year (2012-2013): The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of $751 million in State aid for school districts.

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of $936.6 million in State aid for school districts.

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The Enacted 2014-2015 State Budget included a $1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the state aid increase. The Enacted 2014-2015 State Budget restored $602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The Enacted 2014-2015 State Budget invests $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of $1.4 billion in State aid for school districts, that is tied to changes in the teacher evaluation and tenure process. School districts must obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

School district fiscal year (2016-2017): The 2016-17 State budget includes a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Governor's budget includes a $266 million increase in Foundation Aid and a $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase includes $100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. Further information may be obtained at the official website of the New York State Divisions of Budget and the New York State Education Department.

The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA is a negative number (funds that are deducted from the State aid originally due to the District under existing State aid formulas). The District's State aid has been reduced as a result of the GEA program since 2009. The Adopted Budget for the State's 2015-2016 fiscal year also included a further reduction of the GEA. The Adopted Budget for the State's 2016-2017 fiscal year includes the elimination of the remaining balance of the GEA, resulting in more State aid to the District in the 2016-2017 fiscal year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is $1.1 million.

A case related to the campaign for Fiscal Equity, Inc. v. State of New York was scheduled to be heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights ("NYSER") v. State of New York and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. It is not possible to predict the outcome of this litigation. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross educational inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year and during the District's 2018-2019 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financings of the State and School Districts of the State*").

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2012 through 2016, and the 2017 and 2018 budgets.

FYE June 30:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
2012	$192,675,718	$ 9,643,150	5.00
2013	197,145,690	10,067,377	5.11
2014	201,711,505	10,395,802	5.15
2015	207,157,354	11,872,393	5.73
2016	210,499,296	12,411,201	5.90
2017 (Budgeted)	219,860,188	13,647,155	6.21
2018 (Budgeted)	223,702,174	14,410,223	6.44

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

Expenditures

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

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

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

The fiscal stress scores are based on financial information submitted as part of each school ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," "susceptible to fiscal stress" or

"no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 8.3%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released February 17, 2012. The purpose of such audit was to assess the administrative costs that the District incurred for the period July 1, 2008 through June 30, 2010. The complete report, along with the District's response, may be found on the OSC's official website. The District is currently not being audited by the OSC.

Reference to this website implies no warranty of accuracy of information therein.

Employee Pension System

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

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

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at $15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more.

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

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, in Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five 21 years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%. The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

The following chart represents the TRS and ERS required contributions for each of the last three completed fiscal years and the budgeted amount for the fiscal year 2017.

FYE June 30:	ERS	TRS
2014	3,601,701	15,887,145
2015	3,735,904	17,336,062
2016	3,061,616	13,217,181
2017 (Budgeted)	2,865,775	12,336,204

Source: Audited Financial Statements.

Other Post-Employment Benefits

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

GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every two years for the District.

The following table shows the components of the District's annual OPEB cost for the fiscal year 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	FYE June 30:
Annual required contribution (ARC)	$23,473,612
Interest on net OPEB obligation	3,926,219
Less: Adjustments to ARC	(5,459,147)
Annual OPEB cost (expense)	21,940,684
Less: Contributions made	(7,493,819)
Increase in net OPEB obligation	14,446,865
Net OPEB obligation-beginning of year	98,155,467
Net OPEB obligation-end of year	$112,602,332

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
June 30, 2016	$21,940,684	34.2	$112,602,332
June 30, 2015	21,782,136	34.2	98,155,467
June 30, 2014	18,164,594	34.7	83,812,848

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines or legal authority for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The State Comptroller's proposal would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish and OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and there governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the State Comptroller's proposal, there are no limits on how much a local government can deposit into the trust.

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2012 through 2016, and for the 2017 and 2018 budgets.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2012	$192,675,718	$180,005,500	93.42
2013	197,145,690	184,298,872	93.48
2014	201,711,505	189,697,578	94.04
2015	207,157,354	193,461,517	93.39
2016	210,499,296	195,267,850	92.76
2017 (Budgeted)[a]	219,860,188	195,901,003	87.43[b]
2018 (Budgeted)[a]	223,702,174	200,173,144	89.48[b]

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

b. In 2016, LIPA was reclassified from the real property tax assessment roll to a property with a payment in lieu of taxes (PILOT) agreement.

Tax Collection Procedure

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

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

Under existing law, the County assumes liability for all tax certiorari refund payments, including any portion of the refund attributable to the reduction in the amount of taxes raised to support Town operations. Historically, the County has not sought reimbursement from the affected school district, village or town following the payment of a refund to a taxpayer. However, by local law, the County amended the Administrative Code and the County Charter to eliminate the County guarantee relative to assessment errors. Commencing in 2013, the County sought to end the long-standing practice of paying tax certiorari settlements on behalf of local taxing jurisdictions, including the District. As a result, the District would be required to pay tax certiorari refunds attributable to a reduction in its District tax levy. In response to the adoption of the local law by the County, the Town of North Hempstead, together with a number of school districts, challenged the amendment, arguing amongst other things that the County did not have the ability to amend a State law and that it could not be done without referendum. The lower court dismissed the challenges, and the decision of the lower court was appealed.

The Appellate Division ruled unanimously in favor of the town and school districts challenging the local law enacted by the County. The County appealed the decision of the Appellate Division to the Court of Appeals. The Court of Appeals ruled unanimously that the County did not have the authority to enact the law. As a result, municipalities and school districts, including the District, located in the County will not be required to pay tax certiorari refunds, such refunds will continue to be the responsibility of the County.

Long Island Power Authority PILOT Payments

On January 28, 2016, the District along with approximately 54 other school districts located in Nassau County, filed a lawsuit against Nassau County, the Long Island Power Authority and PSEG LI challenging the method by which certain payments-in-lieu-of-taxes ("PILOTS") are calculated and implemented pursuant to New York State Public Authorities Law Section 1020-q (the "LIPA Reform Act") which resulted in a revenue shortfall to the District for the 2015-2016 school year of approximately $37,841. The participating school districts submitted a verified petition and memorandum of law in support of their position. Following the submission of same, the parties engaged in extensive settlement discussions and reached agreement on settlement terms whereby the participating school districts in Nassau County would be made whole for the 2015-2016 LIPA PILOTs, including any shortfall.

Notwithstanding the terms of the settlement agreement regarding the 2015-2016 LIPA PILOT payments, the implementation of the LIPA Reform Act may affect the District's 2016-2017 fiscal year, and potentially future years. However, the District anticipates that the 2016-2017 LIPA PILOT payments will be calculated by both the County and LIPA on a calendar year basis pursuant to the settlement and, thus, anticipates that the amount of a shortfall for the 2017-2018 school year (if any) will be mitigated by the agreed upon calendar year method of calculation.

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 before the first business day of January in each year.

Approximately 6% of the District's 2016-2017 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Based on information furnished to the District, approximately 6% of the District's 2017-2018 school tax levy is expected to be exempted by the STAR program. (See *"State Aid"* herein).

Valuations, Rates Levies and Collections

Year ending June 30:	2012-13	2013-14	2014-15	2015-16	2016-17
Assessed Valuations:					
Town of Oyster Bay	$ 27,169,249	$ 26,060,678	$ 25,020,324	$ 23,598,792	$ 22,541,556
Town of Huntington	3,800	3,800	3,800	3,800	3,800
Total	$ 27,173,049	$ 26,064,478	$ 25,024,124	$ 23,602,592	$ 22,545,356
State Equalization Rate:					
Town of Oyster Bay	0.31%	0.31%	0.30%	0.27%	0.26%
Town of Huntington	0.90%	0.90%	0.89%	0.86%	0.85%
Full Valuation:					
Town of Oyster Bay	$8,764,273,870	$8,406,670,322	$8,340,108,000	$8,740,293,333	$8,669,829,231
Town of Huntington	422,222	422,222	426,966	441,860	447,059
Total	$8,764,696,092	$8,407,092,544	$8,340,534,966	$8,740,735,193	$8,670,276,29

Tax Collection Record

Year Ending June 30:	2013	2014	2015	2016[a]	2017[a]
Amount of Levy:	$182,606,009	$187,798,923	$190,299,054	$187,388,069	$187,650,187
% Collected	100%	100%	100%	100%	100%

a. In 2016, LIPA was reclassified from the real property tax assessment roll to a property with a payment in lieu of taxes (PILOT) agreement.

Selected Listing of Large Taxable Properties
2015-2016 Assessment Roll

Name	Type	Assessed Valuation
Treeco Centers Limited Partners	Commercial	$401,930
CLK-HP	Commercial	401,586
92 FHB LLC	Commercial	339,277
Keyspan Gas East Corp	Utility	288,167
RA 6800 Jericho TPKE LLC.	Commercial	260,371
RXR 1000 Woodbury Rd Owner	Commercial	212,562
Government Employees Insco	Commercial	175,707
Verizon New York, Inc	Utility	174,711
Cold Spring Hills Realty Co. LLC	Commercial	172,245
Garvin Karen	Commercial	148,450
	Total [a]	$2,575,006

a. Represents 10.91% of the total assessed valuation of the District for 2015-2016. In 2016, LIPA was reclassified from the real property tax assessment roll to a property with a payment in lieu of taxes (PILOT) agreement.
Source: Town Assessment Rolls.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of District taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time. (See "*Tax Collection Procedure*" herein. See also "*Long Island Power Authority PILOT Payments*" herein on certain PILOT payments.)

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the District.

RISK FACTORS

AND

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

The financial and economic condition of the District as well as the market for the Bonds 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 and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction 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 Bonds could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In some years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond 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 of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Bonds (See "Tax Exemption" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the District and hence upon the market price of the Bonds. See "TAX INFORMATION" – Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants will result in interest on the Bonds being included in gross income for federal income tax purposes as well as for purposes of personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to the in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owners or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals in recent years which generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates have been introduced. Other proposals have also been made in recent months. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds, Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix B.

RATING

The District has applied to Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds. The rating reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from such rating agency. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds. Such ratings should not be taken as a recommendation to put or hold the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations regarding the adequacy of the maturing principal of and interest earned on the uninvested cash, to pay, when due, the principal of and interest on the Refunded Bonds on the applicable payment dates will be verified by Causey Demgen & Moore PC. Such verification of the accuracy of the mathematical computations will be based, in part, upon factual information supplied by the District and the Municipal Advisor (as defined below).

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

OTHER MATTERS

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Bonds are to be issued is the Local Finance Law.

The procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law, has been complied with.

There is no bond or note principal or interest past due.

The fiscal year of the District is July 1 to June 30.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the District, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained from the office of the Assistant Superintendent for Business, Dr. Patricia Rufo, Syosset Central School District, 99 Pell Lane, Syosset, New York 11791, telephone number 516/364-5651, email:prufo@syossetschools.org, 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.

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

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of facts, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the works "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements. Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the President of the Board of Education of the District pursuant to the power delegated to him by the authorizing bond resolution to sell and deliver the Bonds.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the District.

By: s/s _____
DR. MICHAEL COHEN
President of the Board of Education
Syosset Central School District
Syosset, New York

Dated: October , 2017

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 166,197,261	$ 170,239,765	$ 175,171,202	$ 178,095,837	$ 174,813,309
Other Real Property Tax Items	13,808,239	14,059,107	14,526,376	15,365,680	20,454,541
Charges for Services	791,294	922,207	899,574	564,663	996,606
Use of Money and Property	268,545	214,117	211,228	165,568	177,740
Forfeitures	350	200	250	375	925
Sale of Property and Compensation for Loss	7,546	124,256	89,095	77,602	10,568
Miscellaneous	998,459	1,332,011	360,311	951,468	1,560,911
Medicaid Reimbursement					21,749
Interfund Revenues	951,231				
State Sources	9,643,150	10,067,377	10,395,802	11,872,393	12,411,201
Federal Sources	9,643	186,650	57,667	63,768	51,746
Total Revenues	192,675,718	197,145,690	201,711,505	207,157,354	210,499,296
Expenditures:					
General Support	18,870,916	18,753,391	19,746,697	20,420,331	19,981,526
Instruction	109,420,533	111,003,830	118,204,950	117,928,760	119,800,666
Pupil Transportation	8,950,397	8,755,663	9,446,194	9,142,375	9,113,314
Community Services	220,239	260,115	204,208	262,109	211,778
Employee Benefits	43,192,113	44,958,705	51,151,338	53,221,709	49,636,029
Debt Service	50,458	444,167	151,472	158,667	357,333
Total Expenditures	180,704,656	184,175,871	198,904,859	201,133,951	199,100,646
Excess (Deficit) of Revenues Over Expenditures	11,971,062	12,969,819	2,806,646	6,023,403	11,398,650
Other Financing Sources (Uses)					
Premium on Obligations		405,575	123,880	139,440	
Interfund Transfers In				22,299	90,165
Interfund Transfers Out	(5,101,509)	(4,905,224)	(4,375,740)	(4,169,073)	(5,150,418)
Total Other Financing Sources (Uses)	(5,101,509)	(4,499,649)	(4,251,860)	(4,007,334)	(5,060,253)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	6,869,553	8,470,170	(1,445,214)	2,016,069	6,338,397
Fund Balance - Beg. of Year	36,171,709	43,041,262	51,511,432	50,066,218	52,082,287
Adjustments					
Fund Balance - End of Year	$ 43,041,262	$ 51,511,432	$ 50,066,218	$ 52,082,287	$ 58,420,684

Source: Audited Financial Statements (2012-2016)
NOTE: This table NOT audited

Comparative Balance Sheet
General Fund

	Fiscal Year Ending June 30:		
	2014	2015	2016
Assets:			
Unrestricted Cash	$ 29,662,681	$ 30,738,357	$ 28,547,047
Restricted Cash	37,288,886	39,658,546	43,354,705
Due From Other Funds	1,346,460	1,687,580	2,016,484
Due From Other Governments	1,133,472	1,724,403	2,181,077
Taxes Receivables	3,652,837	4,058,887	4,043,842
Other Receivables, Net	166,826	35,493	48,128
Total Assets	$ 73,251,162	$ 77,903,266	$ 80,191,283
Liabilities & Deferred Revenue:			
Accounts Payable	$ 4,320,603	$ 5,810,546	$ 6,102,196
Accrued Liabilities	920,430	834,381	692,113
Due to Other Funds	20,162		
Due to Other Governments	122,987	223,125	292,157
Due to Retirement Systems	17,798,830	18,951,070	14,677,255
Overpayments & Collections in Advance	1,932	1,857	6,878
Total Liabilities & Deferred Revenue	23,184,944	25,820,979	21,770,599
Fund Balance:			
Nonspendable			28,942
Restricted	37,288,886	39,658,545	43,354,705
Assigned	4,268,104	3,800,322	6,271,570
Unassigned	8,509,228	8,623,420	8,765,467
Total Fund Balance	50,066,218	52,082,287	58,420,684
Total Liabilities and Fund Equ	$ 73,251,162	$ 77,903,266	$ 80,191,283

Source: Audited Financial Statements

NOTE: This table NOT audited

Budget Summaries
General Fund

	2016-2017	2017-2018
Real Property Taxes	$ 187,650,187	$ 191,622,402
Pilots (Including LIPA)	8,250,816	8,550,742
Restricted Reserves	3,763,775	3,826,888
Miscellaneous	1,533,255	1,549,342
State Aid	13,647,155	14,410,223
Appropriated Fund Balance	5,015,000	3,742,577
Total Revenues	$ 219,860,188	$ 223,702,174
Expenditures:		
General Support	$ 22,056,246	$ 23,349,414
Instruction	127,152,544	130,747,744
Pupil Transportation	9,728,178	9,720,331
Community Services	292,252	292,252
Employee Benefits	51,384,830	52,237,081
Interfund Transfers	4,365,000	3,456,954
Debt Service	4,881,138	3,898,398
Total Expenditures	$ 219,860,188	$ 223,702,174

The 2016-17 budget was approved by the voters of the District on May 17, 2016.
The 2017-18 budget was approved by the voters of the District on May 16, 2017.

Source: Adopted Budgets of the District

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

November 9, 2017

Syosset Central School District
County of Nassau,
State of New York

Re: Syosset Central School District, Suffolk County, New York
$5,375,000 School District Refunding (Serial) Bonds, 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $5,375,000 School District Refunding (Serial) Bonds, 2017 (the "Obligation"), of the Syosset Central School District, Nassau County, New York (the "Obligor"), dated the date of delivery, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ and _____ hundredths per centum (_____ %) per annum as to bonds maturing in each of the years 20_____ to 20_____, both inclusive, and at the rate of _____ per centum (_____ %) per annum as to bonds maturing in each of the years 20_____ to 20_____, both inclusive, payable on January 15, 2018 and semi-annually thereafter July 15 and January 15 until maturity.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SYOSSET CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Syosset Central School District
Syosset, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Syosset Central School District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Syosset Central School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the schedules of funding progress – other postemployment benefits, the District's proportionate share of the net pension asset/liability, and District contributions on pages 3 through 14 and 49 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Syosset Central School District's basic financial statements. The other supplementary information on pages 54 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the Syosset Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Syosset Central School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 12, 2016

The Syosset Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016 in comparison with the year ended June 30, 2015, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, increased by $10,709,721. This was due to an excess of revenues over expenses based on the accrual basis of accounting.

- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $204,918,057. Of this amount, $5,259,844 was offset by program charges for services and operating grants. General revenues of $210,367,934 amount to 97.6% of total revenues, and were adequate to cover the balance of program expenses.

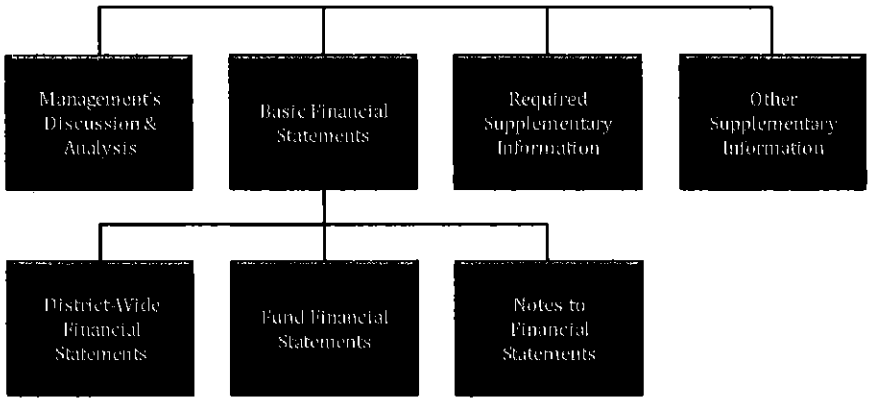
- The general fund's total fund balance, as reflected in the fund financial statements, increased by $6,338,397. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

- On May 17, 2016, the proposed 2016-17 budget in the amount of $219,860,188 was approved by the District's voters.

- In May 2014, the voters approved the establishment and funding of the 2014 capital reserve to a maximum amount of $20,000,000. The District has funded $14,124,211 into the reserve as of June 30, 2016.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: general fund, special aid fund, school lunch fund, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by $10,709,721 between fiscal year 2015 and 2016. The increase is due to revenues in excess of expenses based on the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2016	2015	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 81,440,342	$ 79,289,680	$ 2,150,662	2.71 %
Capital Assets, Net	80,007,640	81,095,648	(1,088,008)	(1.34)%
Net Pension Asset - Proportionate Share	68,152,323	73,954,151	(5,801,828)	(7.85)%
Total Assets	229,600,305	234,339,479	(4,739,174)	(2.02)%
Deferred Outflows of Resources	23,971,512	19,540,139	4,431,373	22.68 %
Current and Other Liabilities	22,722,636	26,653,528	(3,930,892)	(14.75)%
Long-Term Liabilities	35,997,511	39,307,958	(3,310,447)	(8.42)%
Net Other Postemployment Benefits Obligation	112,602,332	98,155,467	14,446,865	14.72 %
Net Pension Liability - Proportionate Share	9,987,393	2,055,850	7,931,543	385.80 %
Total Liabilities	181,309,872	166,172,803	15,137,069	9.11 %
Deferred Inflows of Resources	24,774,250	50,928,841	(26,154,591)	(51.36)%
Net Investment in Capital Assets	53,102,640	49,288,431	3,814,209	7.74 %
Restricted	43,376,256	39,885,999	3,490,257	8.75 %
Unrestricted (Deficit)	(48,991,201)	(52,396,456)	3,405,255	(6.50)%
Total Net Position	$ 47,487,695	$ 36,777,974	$ 10,709,721	29.12 %

Current and other assets increased by $2,150,662, as compared to the prior year. The increase is primarily related to an increase in cash.

Capital assets net decreased by $1,088,008, as compared to the prior year. This decrease is due to depreciation expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Net pension asset – proportionate share decreased by $5,801,828, as compared to the prior year. This asset represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year.

Deferred outflows of resources represents contributions to the retirement plans subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years.

Current and other liabilities decreased by $3,930,892, as compared to the prior year. This decrease is primarily in connection with the District's liability to the teachers' retirement system for the current year's contribution at a decreased contribution rate.

Long-term liabilities decreased by $3,310,447, as compared to the prior year. This decrease is primarily the result the repayment of the current maturity of the bond indebtedness.

Net other postemployment benefits (OPEB) obligation increased by $14,446,865, as compared to the prior year. This increase is the result of the current year OPEB costs on the full accrual basis of accounting in excess of the amount reflected in the governmental funds on the modified accrual basis (pay as you go). The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits", provides additional information.

Net pension liability – proportionate share increased by $7,931,543 in the current year. This liability represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective year.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost such as land; buildings; improvements other than buildings; and equipment, net of depreciation and related outstanding debt. This number increased over the prior year as a result of asset additions and principal debt reductions offset by depreciation.

The restricted amount of $43,376,256 relates to the District's workers' compensation, unemployment insurance, retirement contribution, insurance, employee benefit accrued liability, capital, repairs and debt service reserves. This number increased over the prior year by $3,490,257 principally due to the transfer into the reserves for capital and workers' compensation in the amount of $7,495,125, offset by the use of reserves as appropriated in the budget or as previously authorized by the voters for capital projects.

The unrestricted amount of $(48,991,201) relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the net OPEB obligation. This deficit decreased from the prior year by $3,405,255.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2016 and 2015 is as follows:

	2016	2015	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 2,433,024	$ 2,045,100	$ 387,924	18.97 %
Operating Grants	2,826,820	2,951,703	(124,883)	(4.23)%
General Revenues				
Property Taxes and STAR	187,388,641	190,323,198	(2,934,557)	(1.54)%
State Sources	12,411,201	11,872,393	538,808	4.54 %
Other	10,568,092	5,350,889	5,217,203	97.50 %
Total Revenues	215,627,778	212,543,283	3,084,495	1.45 %
Expenses				
General Support	23,877,092	24,569,914	(692,822)	(2.82)%
Instruction	168,314,209	164,486,756	3,827,453	2.33 %
Pupil Transportation	9,423,628	9,240,099	183,529	1.99 %
Community Service	287,882	359,576	(71,694)	(19.94)%
Debt Service - Interest	1,328,087	1,215,051	113,036	9.30 %
Food Service Program	1,687,159	1,764,928	(77,769)	(4.41)%
Total Expenses	204,918,057	201,636,324	3,281,733	1.63 %
Increase in Net Position	$ 10,709,721	$ 10,906,959	$ (197,238)	(1.81)%

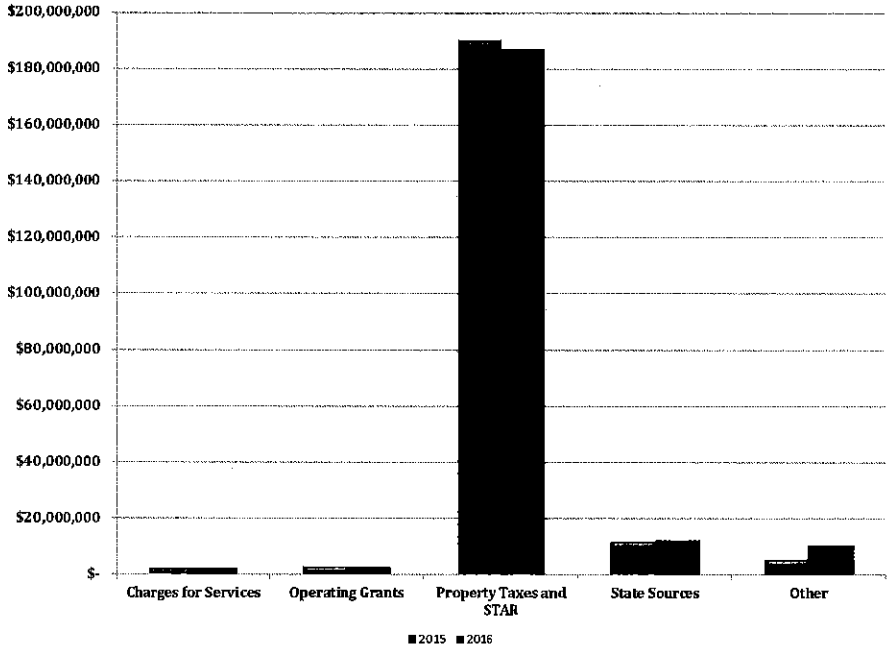
The District's net position increased by $10,709,721 and $10,906,959 for the years ended June 30, 2016 and 2015, respectively.

The District's revenues increased by $3,084,495 or 1.45%. Most of this increase is attributable to property taxes and STAR and other revenues. During 2016, the County removed certain properties from the tax rolls and entered into agreements with these properties to make payments in lieu of taxes, causing a shift between property taxes and PILOT ($4,647,637). In total, property taxes and STAR and PILOT (included in other revenues) increased over 2015 amounts by $1,806,333.

The District's expenses for the year increased by $3,281,733 or 1.63%. The major contributing factor to this increase was the change in the pension credits allocated from the state retirement systems compared to the prior year.

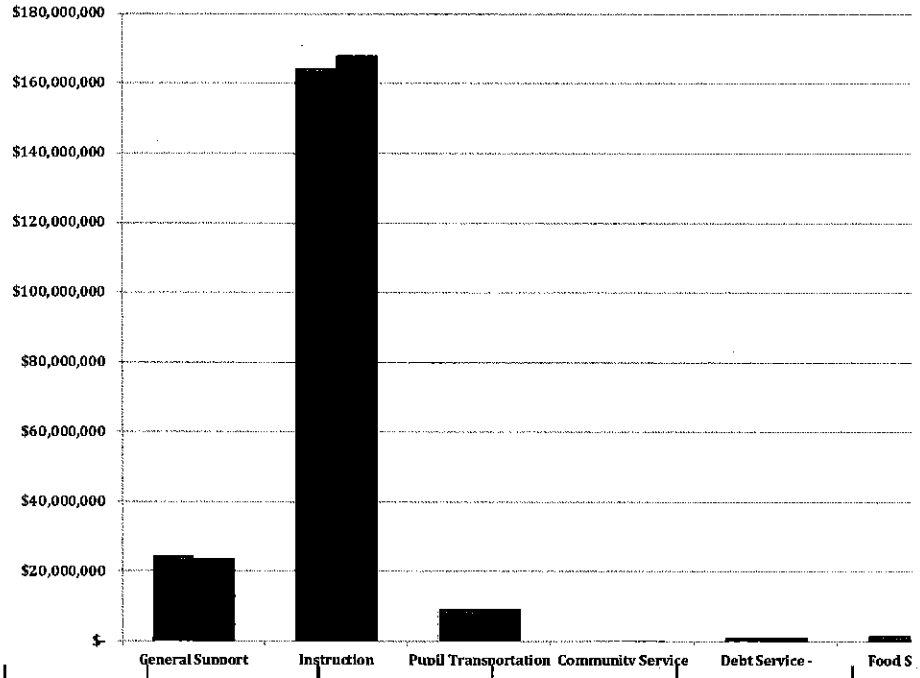
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 86.9% and 89.5% of the total for the years 2016 and 2015, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.2% and 81.5% of the total for the years 2016 and 2015, respectively).

A graphic display of the distribution of revenues for the two years follows



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2015	1.0%	1.4%	89.5%	5.6%	2.5%
2016	1.1%	1.3%	86.9%	5.8%	4.9%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
2015	12.2%	81.5%	4.6%	0.2%	0.6%	0.9%
2016	11.7%	82.2%	4.6%	0.1%	0.6%	0.8%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2016, the District's governmental funds reported a combined fund balance of $59,109,947, which is an increase of $5,997,455 over the prior year. This increase is due to an excess of revenues over expenditures based upon the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2016	2015	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	$ 28,942	$	$ 28,942
Restricted			
Workers' compensation	4,332,092	2,530,364	1,801,728
Unemployment insurance	841,773	1,773,978	(932,205)
Retirement contribution	18,832,674	20,941,455	(2,108,781)
Insurance	1,299,043	1,295,737	3,306
Employee benefit accrued liability	3,723,920	3,814,170	(90,250)
Capital	14,156,725	9,134,490	5,022,235
Repairs	168,478	168,351	127
Assigned:			
Appropriated fund balance	5,015,000	2,469,325	2,545,675
Unappropriated fund balance	1,256,570	1,330,997	(74,427)
Unassigned: Fund balance	8,765,467	8,623,420	142,047
	58,420,684	52,082,287	6,338,397
School Lunch Fund			
Nonspendable: Inventory	662	540	122
Assigned: Unappropriated fund balanc	727,140	802,211	(75,071)
	727,802	802,751	(74,949)
Debt Service Fund			
Restricted: Debt service	21,551	21,475	76
Capital Projects Fund			
Restricted: Capital	-	205,979	(205,979)
Unassigned: Fund balance (deficit)	(60,090)		(60,090)
	(60,090)	205,979	(266,069)
Total Fund Balance	$ 59,109,947	$ 53,112,492	$ 5,997,455

A. General Fund

The net change in the general fund – fund balance is an increase of $6,338,397, compared to an increase of $2,016,069 in 2015. This resulted from revenues in excess of expenditures. The District's revenues and other sources was $210,589,461, which is an increase of $3,270,368 over the prior year. This increase is principally in the real property tax and other tax items areas (as adjusted for the reclassification of property to PILOT). The District's expenditures and other uses were $204,251,064, which is a decrease of $1,051,960. The major item that decreased was employee benefits – pension expenses, as a result of lower contribution rates in the state retirement systems. This decrease was offset by increases in the instruction area in salaries and BOCES costs.

B. School Lunch Fund

The school lunch fund - fund balance decreased by $74,949 as compared to the prior year. This decrease is primarily attributable to equipment purchases made during the year. The District purchased new convection steamers for the cafeteria at a cost of approximately $77,000.

C. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of $76, which represents interest earned on balances in the fund.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of $266,069, due to expenditures incurred during the year on capital projects of $1,145,229 and a transfer of $90,165 to the general fund of unspent balances on completed projects offset by a transfer of $969,325 from the general fund as appropriated in the budget for the high school roof project.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2015-16 Budget

The District's general fund adopted budget for the year ended June 30, 2016 was $215,585,452. This amount was increased by encumbrances carried forward from the prior year in the amount of $1,330,997 for a total final budget of $216,916,449.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $187,388,069 in estimated property taxes and STAR, as adjusted for the change in PILOT.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 8,623,420
Revenues Over Budget	1,798,655
Expenditures and Encumbrances Under Budget	11,408,815
Unused Appropriated Reserves	(427,484)
Net Change in Nonspendable Fund Balance	(28,942)
Allocation to Reserves	(7,593,997)
Appropriated for the 2016-17 Budget	(5,015,000)
Closing, Unassigned Fund Balance	$ 8,765,467

Opening, Unassigned Fund Balance

The $8,623,420 shown in the table is the portion of the District's June 30, 2015 fund balance that was retained as unassigned. This was 4% of the District's 2015-16 approved operating budget of $215,585,452. It is the maximum unassigned fund balance permitted by law.

Revenues Over Budget

The 2015-16 final budget for revenues was $208,790,806. Actual revenues received for the year were $210,589,461. The excess of actual revenue over estimated or budgeted revenue was $1,798,655. This change contributes directly to the change to the general fund unassigned fund balance from June 30, 2015 to June 30, 2016.

Expenditures and Encumbrances Under Budget

The 2015-16 final budget for expenditures was $216,916,449. Actual expenditures and other uses as of June 30, 2016 were $204,251,064 and outstanding encumbrances were $1,256,570. Combined, the expenditures plus encumbrances for 2015-16 were $205,507,634. The final budget was under expended by $11,408,815. This under expenditure contributes directly to the change to the general fund unassigned fund balance from June 30, 2015 to June 30, 2016.

Unused Appropriated Reserves

In the 2015-16 budget, $4,325,321 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, $427,484 of this funding was not needed and, therefore, it was returned to the reserves for future use.

Net Change in Nonspendable Fund Balance

The District prepaid various insurance premiums at June 30, 2016. The resulting balance sheet asset (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The $(7,593,997) shown in the above table is made up of two transfers: $2,495,125 to the workers' compensation reserve and $5,000,000 to the capital reserve. Additionally, interest earnings of $98,872 were allocated to the reserves.

Appropriated Fund Balance

The District has chosen to use $5,015,000 of the available June 30, 2016 unassigned fund balance to partially fund the 2016-17 approved operating budget. As such, the June 30, 2016 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2016 was $8,765,467. This amount equals 4.0% of the 2016-17 budget and is at the statutory limit.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2016, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation of $3,344,332 in excess of capital additions of $2,256,324 recorded for the year ended June 30, 2016. A summary of the District's capital assets, net of depreciation at June 30, 2016 and 2015 is as follows:

	2016	2015	Increase (Decrease)
Land	$ 1,254,281	$ 1,254,281	$ -
Buildings and improvements	75,320,355	76,723,032	(1,402,677)
Land improvements	447,522	586,824	(139,302)
Furniture, equipment and vehicles	2,985,482	2,531,511	453,971
Capital assets, net	$ 80,007,640	$ 81,095,648	$ (1,088,008)

B. Debt Administration

At June 30, 2016, the District had total bonds payable of $26,905,000. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments. There were no new issuances of long-term debt during the year ended June 30, 2016. A summary of the outstanding debt at June 30, 2016 and 2015 is as follows:

Issue Date	Interest Rate	2016	2015	Increase (Decrease)
2004	2.0-4.0 %	$ 680,000	$ 1,330,000	$ (650,000)
2001	4.0-5.0 %	60,000	70,000	(10,000)
2002	4.1-5.0 %	120,000	135,000	(15,000)
2015	2.0-5.0 %	1,450,000	1,475,000	(25,000)
2006	4.5-4.8%		100,000	(100,000)
2007	4.3-5.0 %	7,605,000	8,670,000	(1,065,000)
2013	2.0-5.0 %	7,370,000	7,945,000	(575,000)
2013	2.0-5.0 %	9,620,000	10,665,000	(1,045,000)
		$ 26,905,000	$ 30,390,000	$ (3,485,000)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1. The District's outstanding serial bonds at June 30, 2016 are approximately 3.0% of the District's debt limit.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 17, 2016, for the year ending June 30, 2017, is $219,860,188. This is an increase of $4,274,736 or 1.98% over the previous year's budget. The increase is principally in the instructional program ($1,480,056) and capital fund transfer ($3,395,675) areas of the budget. The total capital transfer is funded with fund balance appropriated for capital work.

The District budgeted revenues other than property taxes and STAR (including PILOT as restated for the prior year) at a $2,028,489 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of $5,015,000 ($650,000 for general purpose and $4,365,000 for capital work) is a $2,545,675 increase over the previous year. Additionally, the District has elected to appropriate $3,763,775 of reserves towards the next year's budget, which is a decrease of $561,546 from the previous year. A property tax increase of $262,118 (0.14%), levy to levy, was needed to meet the funding shortfall and cover the increase in projected expenditures.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation to June 15, 2020. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2016-17 is 0.30%. The District's 2016-17 property tax increase of 0.14% was less than the tax cap and did not require an override vote.

D. Property Tax Freeze

New York State law provides a "Property Tax Freeze Credit" that effectively "freezes" property taxes for two years on the primary residences of homeowners with annual incomes at or below $500,000 in school districts and local governments that stay within the tax cap. Qualifying homeowners receive a credit, which is distributed in the form of a check from New York State, up to the calculated amount of the tax cap. The program also requires the school districts and local governments, in the second year, to develop or participate in the development of a state approved government efficiency plan that will achieve savings for taxpayers. The program ended for school districts with the 2015-16 school year.

New York State enacted a new law that provides a "Property Tax Relief Credit" to eligible taxpayers for the 2016-17 through 2019-20 school years. To be eligible, a taxpayer, based on income tax return filings for the taxable two years prior, must be a New York State resident who owned and primarily resided in real property receiving the STAR exemption, and had adjusted gross income no greater than $275,000. A

taxpayer is ineligible for the tax credit if the real property is located in a school district that adopted a budget in excess of the tax levy limit. Eligible District taxpayers will receive a tax credit in the form of a check in the amount of $130 in the first year. In subsequent years, the amount of the credit is a function of the basic STAR savings and the taxpayer's income.

These property tax credit programs provide an incentive for the District to be tax cap compliant.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Dr. Patricia M. Rufo
Assistant Superintendent for Business
Syosset Central School District
99 Pell Lane
Syosset, New York 11791

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

ASSETS	
Cash	
Unrestricted	$ 30,004,938
Restricted	43,376,256
Receivables	
Accounts receivable	19,186
Taxes receivable	4,043,842
Due from fiduciary funds	952,864
Due from state and federal	2,704,494
Due from other governments	309,158
Prepaids	28,942
Inventory	662
Capital assets:	
Not being depreciated	1,254,281
Being depreciated, net of accumulated depreciation	78,753,359
Net pension asset - proportionate share	68,152,323
Total Assets	229,600,305
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	23,971,512
LIABILITIES	
Payables	
Accounts payable	6,574,962
Accrued liabilities	1,087,120
Due to other governments	292,732
Due to teachers' retirement system	13,757,085
Due to employees' retirement system	920,170
Unearned credits	
Collections in advance	90,567
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,759,035
Compensated absences payable	100,000
Due and payable after one year	
Bonds payable, net	24,231,579
Compensated absences payable	5,229,997
Workers' compensation liabilities	2,676,900
Net other postemployment benefits obligation	112,602,332
Net pension liability - proportionate share	9,987,393
Total Liabilities	181,309,872
DEFERRED INFLOWS OF RESOURCES	
Pensions	24,774,250
NET POSITION	
Net investment in capital assets	53,102,640
Restricted:	
Workers' compensation	4,332,092
Unemployment insurance	841,773
Retirement contribution	18,832,674
Insurance	1,299,043
Employee benefit accrued liability	3,723,920
Capital	14,156,725
Repairs	168,478
Debt service	21,551
	43,376,256
Unrestricted (deficit)	(48,991,201)
Total Net Position	$ 47,487,695

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 23,877,092	$	$ 51,746	$ (23,825,346)
Instruction	168,314,209	996,606	2,527,545	(164,790,058)
Pupil transportation	9,423,628			(9,423,628)
Community service	287,882			(287,882)
Debt service - interest	1,328,087			(1,328,087)
Food service program	1,687,159	1,436,418	247,529	(3,212)
Total Functions and Programs	$ 204,918,057	$ 2,433,024	$ 2,826,820	(199,658,213)
GENERAL REVENUES				
Real property taxes				174,813,309
Other tax items				20,454,541
Use of money and property				178,655
Forfeitures				925
Sale of property and compensation for loss				10,568
Miscellaneous				1,560,911
State sources				12,411,201
Intergovernmental revenue				916,075
Medicaid reimbursement				21,749
Total General Revenues				210,367,934
Change in Net Position				10,709,721
Total Net Position - Beginning of Year				36,777,974
Total Net Position - End of Year				$ 47,487,695

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2016

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 28,547,047	$ 140,173	$ 1,168,236	$	$ 149,482	$ 30,004,938
Restricted	43,354,705			21,551		43,376,256
Receivables						
Accounts receivable	19,186					19,186
Taxes receivable	4,043,842					4,043,842
Due from other funds	2,016,484					2,016,484
Due from state and federal	1,871,919	822,147	10,428			2,704,494
Due from other governments	309,158					309,158
Prepaids	28,942					28,942
Inventory			662			662
Total Assets	$ 80,191,283	$ 962,320	$ 1,179,326	$ 21,551	$ 149,482	$ 82,503,962
LIABILITIES						
Payables						
Accounts payable	$ 6,102,196	$ 175,139	$ 95,095	$	$ 202,532	$ 6,574,962
Accrued liabilities	692,113	2,766				694,879
Due to other funds		784,415	272,165		7,040	1,063,620
Due to other governments	292,157		575			292,732
Due to teachers' retirement system	13,757,085					13,757,085
Due to employees' retirement system	920,170					920,170
Unearned credits						
Collections in advance	6,878		83,689			90,567
Total Liabilities	21,770,599	962,320	451,524	-	209,572	23,394,015
FUND BALANCES (DEFICIT)						
Nonspendable:						
Prepaids	28,942					28,942
Inventory			662			662
Restricted:						
Workers' compensation	4,332,092					4,332,092
Unemployment insurance	841,773					841,773
Retirement contribution	18,832,674					18,832,674
Insurance	1,299,043					1,299,043
Employee benefit accrued liability	3,723,920					3,723,920
Capital	14,156,725					14,156,725
Repairs	168,478					168,478
Debt service				21,551		21,551
Assigned:						
Appropriated fund balance	5,015,000					5,015,000
Unappropriated fund balance	1,256,570		727,140			1,983,710
Unassigned: Fund balance (deficit)	8,765,467				(60,090)	8,705,377
Total Fund Balances (Deficit)	58,420,684	-	727,802	21,551	(60,090)	59,109,947
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 80,191,283	$ 962,320	$ 1,179,326	$ 21,551	$ 149,482	$ 82,503,962

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total Governmental Fund Balances (Deficit)		$ 59,109,947
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 143,808,840	
Accumulated depreciation	(63,801,200)	
		80,007,640
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.		
Net pension asset - teachers' retirement system	68,152,323	
Deferred outflows of resources	23,971,512	
Net pension liability - employees' retirement system	(9,987,393)	
Deferred inflows of resources	(24,774,250)	
		57,362,192
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(392,241)	
Bonds payable	(27,990,614)	
Compensated absences payable	(5,329,997)	
Workers' compensation liabilities	(2,676,900)	
Net other postemployment benefits obligation	(112,602,332)	
		(148,992,084)
Total Net Position		$ 47,487,695

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2016

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 174,813,309	$	$	$	$	$ 174,813,309
Other tax items	20,454,541					20,454,541
Charges for services	996,606					996,606
Use of money and property	177,740		839	76		178,655
Forfeitures	925					925
Sale of property and compensation for loss	10,568					10,568
Miscellaneous	1,560,911		525			1,561,436
Intergovernmental revenue				916,075		916,075
State sources	12,411,201	888,672	12,830			13,312,703
Medicaid reimbursement	21,749					21,749
Federal sources	51,746	1,638,873	167,678			1,858,297
Surplus food			67,021			67,021
Sales - school lunch			1,435,893			1,435,893
Total Revenues	210,499,296	2,527,545	1,684,786	916,151	-	215,627,778
EXPENDITURES						
General support	19,981,526					19,981,526
Instruction	119,800,666	2,717,156				122,517,822
Pupil transportation	9,113,314	213,669				9,326,983
Community service	211,778					211,778
Employee benefits	49,636,029					49,636,029
Debt service						
Principal				3,485,000		3,485,000
Interest	357,333			1,208,888		1,566,221
Cost of sales			1,759,735			1,759,735
Capital outlay					1,145,229	1,145,229
Total Expenditures	199,100,646	2,930,825	1,759,735	4,693,888	1,145,229	209,630,323
Excess (Deficiency) of Revenues Over Expenditures	11,398,650	(403,280)	(74,949)	(3,777,737)	(1,145,229)	5,997,455
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in	90,165	403,280		3,777,813	969,325	5,240,583
Operating transfers (out)	(5,150,418)				(90,165)	(5,240,583)
Total Other Financing Sources and (Uses)	(5,060,253)	403,280	-	3,777,813	879,160	-
Net Change in Fund Balances	6,338,397	-	(74,949)	76	(266,069)	5,997,455
Fund Balances (Deficit) - Beginning of Year	52,082,287		802,751	21,475	205,979	53,112,492
End of Year	$ 58,420,684	$ -	$ 727,802	$ 21,551	$ (60,090)	$ 59,109,947

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For The Year Ended June 30, 2016

Net Change in Fund Balances		$ 5,997,455
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in compensated absences payable	$ (178,500)	
Increase in workers' compensation liabilities	(327,656)	
Increase in net other postemployment benefits obligation	(14,446,865)	
		(14,953,021)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of This is the amount by which, depreciation exceeded capital outlays in the period.		
Capital outlays	2,256,324	
Depreciation expense	(3,344,332)	
		(1,088,008)
Long-Term Debt Transactions Differences		
The amortization of the deferred premium on the advance refunding of bonds, decreases interest expense in the Statement of Activities.	154,035	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	3,485,000	
Repayment of installment purchase debt	177,568	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2015 to June 30, 2016.	84,099	
		3,900,702
Pension Differences		
The decrease in the proportionate share of the collective pension expense of the state retirement plans reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.		
Teachers' retirement system	17,633,916	
Employees' retirement system	(781,323)	
		16,852,593
Change in Net Position of Governmental Activities		$ 10,709,721

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2016

	Agency	Private Purpose Trust
ASSETS		
Cash		
Unrestricted	$ 1,613,554	$
Restricted		9,814
Total Assets	$ 1,613,554	9,814
LIABILITIES		
Extraclassroom activity balances	$ 319,050	
Due to governmental funds	952,864	
Other liabilities	341,640	
Total Liabilities	$ 1,613,554	-
NET POSITION		
Restricted for scholarships		$ 9,814

See Notes to Financial Statements

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For The Year Ended June 30, 2016

	Private Purpose Trust
ADDITIONS	
Investment earnings - interest	$ 6
DEDUCTIONS	
Scholarships and awards	1,750
Change in Net Position	(1,744)
Net Position - Beginning of Year	11,558
Net Position - End of Year	$ 9,814

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Syosset Central School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

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

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for

administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

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

School Lunch Fund - is used to account for the activities of the food service program.

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

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets, such as equipment.

Fiduciary Funds – are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. The following are the District's fiduciary funds:

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board in August and become a lien on October 1st and April 1st. Taxes are collected by the Town of Oyster Bay during the periods October 1st through November 10th, and April 1st through May 10th without penalty and remitted to the District.

Enforcement

Uncollected real property taxes are subsequently enforced by the County of Nassau.

F. Restricted Resources

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

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated

absences, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

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

J. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method.

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

L. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation.

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

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	$ 10,000	50 years
Land improvements	10,000	20 years
Furniture, equipment and vehicles	1,000	5-15 years

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows of resources reported in the Statement of Net Position relates to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and District contributions to the pension systems (TRS and ERS) subsequent to the measurement date.

N. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts and summer program fees. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

O. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Statement of Net Position is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense.

P. Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q. Other Benefits

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

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

The District provides health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

R. Short-Term Debt

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

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

S. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaids.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the general fund.

8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,254,281	$	$	$ 1,254,281
Total capital assets not being depreciated	1,254,281	-	-	1,254,281
Capital assets being depreciated				
Buildings and improvements	128,913,878	1,085,090		129,998,968
Land improvements	3,516,170			3,516,170
Furniture, equipment and vehicles	8,054,057	1,171,234	(185,870)	9,039,421
Total capital assets being depreciated	140,484,105	2,256,324	(185,870)	142,554,559
Less accumulated depreciation for:				
Buildings and improvements	52,190,846	2,487,767		54,678,613
Land improvements	2,929,346	139,302		3,068,648
Furniture, equipment and vehicles	5,522,546	717,263	(185,870)	6,053,939
Total accumulated depreciation	60,642,738	3,344,332	(185,870)	63,801,200
Total capital assets, being depreciated, net	79,841,367	(1,088,008)	-	78,753,359
Capital assets, net	$ 81,095,648	$ (1,088,008)	$ -	$ 80,007,640

Depreciation expense was charged to governmental functions as follows:

General support	$ 286,831
Instruction	3,048,882
Food service program	8,619
Total depreciation expense	$ 3,344,332

9. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2016, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 2,016,484	$	$ 90,165	$ 5,150,418
Special Aid Fund		784,415	403,280	
School Lunch Fund		272,165		
Debt Service Fund			3,777,813	
Capital Projects Fund		7,040	969,325	90,165
Total Governmental Funds	2,016,484	1,063,620	5,240,583	5,240,583
Fiduciary Funds		952,864		
Total	$ 2,016,484	$ 2,016,484	$ 5,240,583	$ 5,240,583

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools, the debt service fund, and the capital projects fund in accordance with the general fund budget.

The transfer from the capital projects fund to the general fund was for the unspent funds from completed projects.

10. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2015	Issued	Redeemed	Balance June 30, 2016
TAN	6/28/2016	2.00%	$ -	$ 24,000,000	$ (24,000,000)	$ -

Interest on short-term debt for the year was $357,333. The District received a premium of $306,360, which is included in miscellaneous revenue in the general fund. The net effective interest rate was 0.29%.

11. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits obligations, for the year are summarized below:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 30,390,000	$	$ (3,485,000)	$ 26,905,000	$ 3,605,000
Add: Premiums on refunding	1,239,649		(154,035)	1,085,614	154,035
	31,629,649	-	(3,639,035)	27,990,614	3,759,035
Installment purchase debt	177,568		(177,568)		
	31,807,217	-	(3,816,603)	27,990,614	3,759,035
Other long-term liabilities					
Compensated absences	5,151,497	178,500		5,329,997	100,000
Workers' compensation	2,349,244	1,060,669	(733,013)	2,676,900	
	7,500,741	1,239,169	(733,013)	8,006,897	100,000
	$ 39,307,958	$ 1,239,169	$ (4,549,616)	$ 35,997,511	$ 3,859,035

The general fund has typically been used to liquidate other long-term liabilities.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contributions, based on each year's covered payroll, for the current year and two preceding years was:

Contributions	TRS	ERS
2016	$ 13,217,181	$ 3,061,616
2015	17,352,729	3,863,204
2014	15,936,073	3,635,039

D. Pension Assets/Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2015, for TRS and March 31, 2016 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2015	March 31, 2016
District's proportionate share of the net pension asset/(liability)	$ 68,152,323	$ (9,987,393)
District's portion of the Plan's total net pension asset/(liability)	0.6561430%	0.0622257%
Change in proportion since the prior measurement date	(0.0077550)	0.0013701

For the year ended June 30, 2016, the District recognized pension expense (credit) of $(4,416,735) for TRS and $3,842,939 for ERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$	$ 50,469	$ 1,888,792	$ 1,183,839
Changes of assumptions		2,663,336		
Net difference between projected and actual earnings on pension plan investments		5,925,069	21,543,304	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	242,238	953,049	158,315	
District's contributions subsequent to the measurement date	13,217,181	920,170		
Total	$ 13,459,419	$ 10,512,093	$ 23,590,411	$ 1,183,839

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	TRS	ERS
2017	$ (8,682,513)	$ 2,171,590
2018	(8,682,513)	2,171,590
2019	(8,682,513)	2,171,590
2020	3,589,493	1,893,314
2021	(228,686)	
Thereafter	(661,441)	
	$ (23,348,173)	$ 8,408,084

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2015	March 31, 2016
Actuarial valuation date	June 30, 2014	April 1, 2015
Interest rate	8.0%	7.0%
Salary scale	4.01-10.91%	3.8%
Decrement tables	July 1, 2005 - June 30, 2010 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	3.0%	2.5%

For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015. System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2015		March 31, 2016
Asset type				
Domestic equity	37.0%	6.50%	38.0%	7.30%
International equity	18.0%	7.70%	13.0%	8.55%
Real estate	10.0%	4.60%	8.0%	8.25%
Alternative investments	7.0%	9.90%	19.0%	6.75-11.00%
Domestic fixed income securities	17.0%	2.10%		
Global fixed income securities	2.0%	1.90%		
Bonds and mortgages	8.0%	3.40%	18.0%	4.00%
Short-term	1.0%	1.20%		
Cash			2.0%	2.25%
Inflation indexed bonds			2.0%	4.00%
	100.0%		100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 8.0% for TRS and 7.0% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2015 was 7.5%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 8.0% for TRS and 7.0% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (7.0% for TRS and 6.0% for ERS) or 1 percentage point higher (9.0% for TRS and 8.0% for ERS) than the current rate:

TRS	1% Decrease (7.00)%	Current Assumption (8.00)%	1% Increase (9.00)%
District's proportionate share of the net pension asset (liability)	$ (4,648,867)	$ 68,152,323	$ 130,236,451

ERS	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
District's proportionate share of the net pension asset (liability)	$ (22,520,845)	$ (9,987,393)	$ 602,839

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2015	March 31, 2016
Employers' total pension liability	$ (99,332,104)	$ (172,303,544)
Plan fiduciary net position	109,718,917	156,253,265
Employers' net pension asset/(liability)	$ 10,386,813	$ (16,050,279)
Ratio of plan fiduciary net position to the employers' total pension liability	110.46%	90.68%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016, are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016, represent employer and employee contributions for the fiscal year ended June 30, 2016, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to $13,217,181 of employer contributions and $539,904 of employee contributions.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2016, represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to $920,170 of employer contributions. Employee contributions are remitted monthly.

13. PENSION PLANS - OTHER

Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions based on contractual agreements. Contributions made by the District and the employees for the year ended June 30, 2016, totaled $40,000 and $5,848,345, respectively.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. Plan Description

The District provides medical, medigap, Medicare part B reimbursement, and dental and vision coverage (the healthcare plan) and life insurance to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program – Empire Plan. The plan does not issue a stand-alone financial report.

B. Funding Policy

The District assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as the liabilities for premiums mature (come due for payment). For the year ended June 30, 2016, the District recognized a general fund expenditure of $7,493,819 for insurance premiums for currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	$ 23,473,612
Interest on net OPEB obligation	3,926,219
Adjustment to ARC	(5,459,147)
Annual OPEB cost (expense)	21,940,684
Contributions made	(7,493,819)
Increase in net OPEB obligation	14,446,865
Net OPEB obligation - beginning of year	98,155,467
Net OPEB obligation - end of year	$ 112,602,332

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	$ 21,940,684	34.2%	$ 112,602,332
June 30, 2015	21,782,136	34.2%	98,155,467
June 30, 2014	18,164,594	34.7%	83,812,848

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $238,063,992 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $238,063,992. The covered payroll (annual payroll of active employees covered by the plan) was $106,013,592, and the ratio of the UAAL to the covered payroll was 224.6%.

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5.0% in 2022. The UAAL is being amortized each year over a constant 30 year period, as a level dollar amount.

15. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third

parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities as provided by the third party administrator do not include an amount for claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	2015	2016
Unpaid claims at beginning of year	$ 2,333,699	$ 2,349,244
Incurred claims and claim adjustment expenses	587,572	1,060,669
Claim payments	(572,027)	(733,013)
Unpaid claims at year end	$ 2,349,244	$ 2,676,900

16. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2016 restricted fund balances, to fund the budget for the year ending June 30, 2017:

Workers' Compensation	$ 730,000
Unemployment Insurance	68,000
Retirement Contributions	2,865,775
Employee Benefit Accrued Liability	100,000
	$ 3,763,775

17. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $5,015,000 has been appropriated to reduce taxes for the year ending June 30, 2017.

18. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2016, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	$ 665,909
Instruction	590,661
	$ 1,256,570

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 12, 2016, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

Sale of District Property

On September 19, 2016, the Board of Education approved the sale of a 2.4 acre district-owned parcel of land adjacent to the Walt Whitman Elementary School campus. The proposal price approximates $5,350,000.

Issuance of TANs

On September 23, 2016, the District issued tax anticipation notes in the amount of $21,000,000, which are due June 27, 2017 and bear interest at a stated rate of 1.50%. The District received premiums of $107,942 with the borrowing to yield an effective interest of 0.825%.

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 192,035,706	$ 174,813,993	$ 174,813,309	$ (684)
Other tax items	3,245,043	20,466,756	20,454,541	(12,215)
Charges for services	940,124	940,124	996,606	56,482
Use of money and property	131,168	131,168	177,740	46,572
Forfeiture			925	925
Sale of property and compensation for loss	13,158	13,158	10,568	(2,590)
Miscellaneous	440,000	440,000	1,560,911	1,120,911
Total Local Sources	196,805,199	196,805,199	198,014,600	1,209,401
State Sources	11,985,607	11,985,607	12,411,201	425,594
Medicaid Reimbursement			21,749	21,749
Federal Sources			51,746	51,746
Total Revenues	208,790,806	208,790,806	210,499,296	1,708,490
OTHER FINANCING SOURCES				
Operating transfers in			90,165	90,165
Total Revenues and Other Sources	208,790,806	208,790,806	210,589,461	$ 1,798,655
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	2,469,325	2,469,325		
Prior Year's Encumbrances	1,330,997	1,330,997		
Appropriated Reserves	4,325,321	4,325,321		
Total Appropriated Fund Balance	8,125,643	8,125,643		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 216,916,449	$ 216,916,449		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 137,052	$ 142,302	$ 114,624	$ 587	$ 27,091
Central administration	401,883	403,704	402,007		1,697
Finance	1,035,232	1,070,160	968,193	26,989	74,978
Staff	1,035,694	1,039,527	931,729		107,798
Central services	17,145,466	17,121,996	15,169,584	638,333	1,314,079
Special items	2,631,844	2,582,650	2,395,389		187,261
Total General Support	22,387,171	22,360,339	19,981,526	665,909	1,712,904
Instruction					
Administration & improvement	8,521,317	8,536,948	8,268,107	1,713	267,128
Teaching - regular school	74,616,754	74,584,678	71,152,932	208,811	3,222,935
Programs for students with disabilities	28,071,245	28,046,609	25,960,424		2,086,185
Occupational education	330,000	328,869	315,591		13,278
Teaching - special schools	418,607	440,999	440,999		-
Instructional media	4,083,989	4,105,989	3,555,186	339,430	211,373
Pupil services	10,275,561	10,300,212	10,107,427	40,707	152,078
Total Instruction	126,317,473	126,344,304	119,800,666	590,661	5,952,977
Pupil Transportation	9,770,920	9,770,920	9,113,314		657,606
Community Services	318,411	318,412	211,778		106,634
Employee Benefits	52,398,020	52,398,020	49,636,029		2,761,991
Debt Service - Interest	479,167	479,167	357,333		121,834
Total Expenditures	211,671,162	211,671,162	199,100,646	1,256,570	11,313,946
OTHER USES					
Operating transfers out	5,245,287	5,245,287	5,150,418		94,869
Total Expenditures and Other Uses	$ 216,916,449	$ 216,916,449	204,251,064	$ 1,256,570	$ 11,408,815
Net Change in Fund Balance			6,338,397		
Fund Balance - Beginning of Year			52,082,287		
Fund Balance - End of Year			$ 58,420,684		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Funding Progress - Other Postemployment Benefits
June 30, 2016

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	$ -	$ 238,063,992	$ 238,063,992	0%	$ 106,013,592	224.6%
July 1, 2012	-	205,473,614	205,473,614	0%	102,081,398	201.3%
July 1, 2010	-	235,759,198	235,759,198	0%	96,852,503	243.4%

See Paragraph on Required Supplementary Information Included in Auditor's Report

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
June 30, 2016

Teachers' Retirement System

	2016	2015
District's proportion of the net pension asset	0.6561430%	0.6638980%
District's proportionate share of the net pension asset	$ 68,152,323	$ 73,954,151
District's covered payroll	$ 98,988,756	$ 98,068,141
District's proportionate share of the net pension asset as a percentage of its covered payroll	68.85 %	75.41 %
Plan fiduciary net position as a percentage of the total pension liability	110.46%	111.48%

Employees' Retirement System

	2016	2015
District's proportion of the net pension liability	0.0622257%	0.0608556%
District's proportionate share of the net pension liability	$ 9,987,393	$ 2,055,850
District's covered payroll	$ 18,893,119	$ 18,097,266
District's proportionate share of the net pension liability as a percentage of its covered payroll	52.86 %	11.36 %
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
June 30, 2016

Teachers' Retirement System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$13,217,181	$17,352,729	$15,936,073	$10,987,130	$10,174,683	$ 7,947,996	$ 5,465,724	$ 6,552,581	$ 7,091,034	$ 6,572,371
Contributions in relation to the contractually required contribution	13,217,181	17,352,729	15,936,073	10,987,130	10,174,683	7,947,996	5,465,724	6,552,581	7,091,034	6,572,371
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$99,797,318	$98,988,756	$98,068,141	$92,796,707	$91,581,302	$92,204,130	$88,299,257	$85,879,174	$81,226,048	$76,422,919
Contributions as a percentage of covered payroll	13%	18%	16%	12%	11%	9%	6%	8%	9%	9%

Employees' Retirement System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 3,061,616	$ 3,863,204	$ 3,635,039	$ 3,239,514	$ 2,750,533	$ 1,992,092	$ 1,274,246	$ 1,296,752	$ 1,331,814	$ 1,352,993
Contributions in relation to the contractually required contribution	3,061,616	3,863,204	3,635,039	3,239,514	2,750,533	1,992,092	1,274,246	1,296,752	1,331,814	1,352,993
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$18,952,012	$18,512,867	$17,480,011	$17,392,116	$17,277,518	$17,212,524	$16,780,615	$15,280,176	$14,244,012	$13,593,925
Contributions as a percentage of covered payroll	16%	21%	21%	19%	16%	12%	8%	8%	9%	10%

See Paragraph on Required Supplementary Information Included in Auditor's Report

SYOSSET CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2016

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 215,585,452
Additions:	
Prior year's encumbrances	1,330,997
Original Budget	216,916,449
Budget revision	-
Final Budget	$ 216,916,449

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-17 voter-approved expenditure budget		$ 219,860,188
Maximum allowed (4% of 2016-17 budget)		$ 8,794,408
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 6,271,570	
Unassigned fund balance	8,765,467	
		$ 15,037,037
Less:		
Appropriated fund balance	5,015,000	
Encumbrances	1,256,570	
Total adjustments		6,271,570
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 8,765,467
Actual Percentage		4.0%

See Paragraph on Other Supplementary Information Included in Auditor's Report

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures -
Capital Projects Fund
For The Year Ended June 30, 2016

PROJECT TITLE	Budget June 30, 2015	Budget June 30, 2016	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2016
2008-09 Budget Appropriation	$ 497,500	$ 497,500	$ 474,114	$	$ 474,114	$ 23,386	$	$	$ 497,500	$ 497,500	$ 23,386 *
2009-10 Budget Appropriation	247,500	247,500	165,348	15,716	181,064	66,436			247,500	247,500	66,436 *
2010-11 Budget Appropriation	365,500	365,500	265,059	100,098	365,157	343			365,500	365,500	343 *
2015-16 Budget Appropriation		969,325		1,029,415	1,029,415	(60,090)			969,325	969,325	(60,090) ±
Totals	$ 1,110,500	$ 2,079,825	$ 904,521	$ 1,145,229	$ 2,049,750	$ 30,075	$ -	$ -	$ 2,079,825	$ 2,079,825	30,075
										Less: Operating transfers	(90,165) *
											$ (60,090)

* Unspent amounts transferred to general fund.
± To be funded through 2016-17 budget transfer.

SYOSSET CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
June 30, 2016

Capital assets, net	$ 80,007,640
Deduct:	
Short-term portion of bonds payable	3,605,000
Long-term portion of bonds payable	23,300,000
	26,905,000
Net Investment in Capital Assets	$ 53,102,640

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

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

To the Board of Education
Syosset Central School District
Syosset, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Syosset Central School District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

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

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

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

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the Syosset Central School District in a separate letter dated October 12, 2016.

Purpose of this Report

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

Cullen & Danowski, LLP

October 12, 2016