PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2019

NEW ISSUE **TAX ANTICIPATION NOTES**

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 Notes 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 Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes 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 consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters". The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

SUFFOLK AND NASSAU COUNTIES, NEW YORK

(the "District")

$9,000,000

TAX ANTICIPATION NOTES, 2019

(the "Notes")

Dated Date: September 26, 2019 Maturity Date: June 25, 2020

Security and Sources of Payment: The Notes will constitute general obligations of the District and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the District will be subject to the levy of ad valorem taxes, subject to applicable statutory limitations, for such purpose. See "*Nature of Obligation*" and "*Tax Levy Limit Law*" herein.

Prior Redemption: The Notes are not subject to redemption prior to their maturity.

Form and Denomination: At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Note certificates shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate.

The Notes to be issued in book-entry only form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes to be issued in book-entry only form. Individual purchase of the Notes to be issued in book-entry only form may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Holders of the Notes to be issued in book-entry only form will not receive certificates representing their ownership interest in the Notes to be issued in book-entry only form purchased. See "*Book-Entry Only System*" herein.

Payment: Payment of the principal of and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practice as is now the case with municipal securities held for the accounts of customers registered in "street name". See "*Book-Entry System*" herein. Payment of the principal of and interest on the Notes issued in the certificated form registered to the purchaser(s) will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Paying agent fees, if any, will be paid by the purchaser(s).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the respective receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that t the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or if issued in registered certificated form in Cold Spring Harbor, New York, or as may be agreed upon with the purchaser(s) on or about September 26, 2019.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING" HEREIN).

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SUFFOLK AND NASSAU COUNTIES, NEW YORK

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No person has been authorized by the Cold Spring Harbor School District to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Cold Spring Harbor School District since the date hereof.

TABLE OF CONTENTS

Page

THE NOTES **1**
- General 1
- Optional Redemption for the Notes 1
- Authorization and Purpose 1
- Disclosure Undertaking for the Notes 2

COMPLIANCE HISTORY **3**

BOOK-ENTRY-ONLY SYSTEM **3**
- Certificated Notes in Certain Circumstances 5

NATURE OF OBLIGATION **5**

THE TAX LEVY LIMIT LAW **6**
- Real Property Tax Rebate 7

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT **8**
- General Municipal Law Contract Creditors' Provision 8
- Execution/Attachment of Municipal Property 8
- Section 99-B of the State Finance Law Applicable to School Districts 8
- Authority to File For Municipal Bankruptcy 9
- State Debt Moratorium Law 9
- Constitutional Non-Appropriation Provision 11
- Default Litigation 11
- No Past Due Debt 12

THE DISTRICT **12**
- Description 12
- District Organization 12
- Enrollment History 13
- Projected Future Enrollment 13
- District Facilities 13
- Employees 13

ECONOMIC AND DEMOGRAPHIC INFORMATION **14**
- Population Trends 14
- Income Data 14
- Listing of Larger Employers 15
- Unemployment Rate Statistics 15

INDEBTEDNESS OF THE DISTRICT **15**
- Constitutional Requirements 15
- Statutory Requirements and Procedure 16
- Computation of Debt Limit and Debt Contracting Margin 17
- Details of Short-Term Indebtedness Outstanding 17
- Trend of Outstanding Indebtedness 17
- Debt Service Requirements - Outstanding Bonds 18

TABLE OF CONTENTS - CONTINUED

Page

DEBT SERVICE REQUIREMENTS - ENERGY PERFORMANCE LEASE PURCHASE FINANCING 18
TAX ANTICIPATION NOTES 18
AUTHORIZED AND UNISSUED DEBT 19
CAPITAL PROJECT PLANS 19
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS 19
DEBT RATIOS 19

FINANCES OF THE DISTRICT 19
INDEPENDENT AUDIT 19
INVESTMENT POLICY 19
FUND STRUCTURE AND ACCOUNTS 20
BASIS OF ACCOUNTING 20
BUDGET PROCESS 20
REVENUES 21
Real Property Taxes 21
State Aid 21
RECENT EVENTS AFFECTING STATE AID TO NEW YORK SCHOOL DISTRICTS 21
EXPENDITURES 23
THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS 23
EMPLOYEE PENSION SYSTEM 24
OTHER POST-EMPLOYMENT BENEFITS 25

TAX INFORMATION 26
REAL PROPERTY TAXES 26
TAX COLLECTION PROCEDURE 27
STAR - SCHOOL TAX EXEMPTION 28
VALUATIONS, RATES LEVIES AND COLLECTIONS 28
SELECTED LISTING OF LARGE TAXABLE PROPERTIES 29

LITIGATION 29

RISK FACTORS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE 29

CYBERSECURITY 30

TAX MATTERS 30

LEGAL MATTERS 31

RATING 31

MUNICIPAL ADVISOR 31

OTHER MATTERS 32

ADDITIONAL INFORMATION 32

APPENDIX A: FINANCIAL INFORMATION
APPENDIX B: CASH FLOW SUMMARIES
APPENDIX C: FORM OF BOND COUNSEL'S OPINION
APPENDIX D: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OFFICIAL STATEMENT

Relating to

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SUFFOLK AND NASSAU COUNTIES, NEW YORK

$9,000,000 TAX ANTICIPATION NOTES, 2019

THE NOTES

General

The $9,000,000 Tax Anticipation Notes, 2019 (the "Notes") will be general obligations of the Cold Spring Harbor Central School District, in the County of Suffolk, State of New York (the "District," "County" and "State," respectively), and will contain a pledge of the District's faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). The Notes will be dated September 26, 2019, and will mature, without the right of redemption prior to maturity, on June 25, 2020 with interest payable at maturity.

The Notes will be issued in book-entry form or, at the option of the purchaser(s), as registered certificated notes. The Notes to be issued in book-entry form will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. See "*Book-Entry-Only System*" herein. DTC will act as securities depository for such Notes. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. A single note will be issued for all such Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in such Notes. Principal and interest will be paid by the District directly to DTC for its nominee, Cede & Co.

Note certificates shall be delivered to the purchaser(s) of notes requested in registered certificated form to the purchaser(s), and each such note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Paying agent fees, if any, will be paid by the purchaser(s).

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as or retain a paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: James Stucchio, Assistant Superintendent for Business, Cold Spring Harbor Central School District, 75 Goose Hill Road, Cold Spring Harbor, New York 11724, telephone number 631/367-5932, email: jstucchio@csh.k12.ny.us.

Optional Redemption for the Notes

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

Authorization and Purpose

The Notes are being issued in anticipation of the collection of real property taxes receivable by the District during its 2019-2020 fiscal year, which commenced on July 1, 2019, and pursuant to a tax anticipation note resolution that was adopted by the Board of Education. The Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period that the Notes are outstanding (see "Cash Flow"). Such cash flow deficit is the result in part of the timing in the receipt of real property taxes, as a result of the fact that the dates fixed by law for the collection of such taxes do not conform to the expected cash needs of the District's operating budget.

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the of the occurrence of any of the following events with respect to the Notes:

> (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 Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, 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; (xv) incurrence of a "financial obligation" (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a "financial obligation" of the Issuer, any of which affect note holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Issuer, any of which reflect financial difficulties.

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 Notes.

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 Notes.

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

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The District has been advised on the new disclosure rules pertaining to "financial obligations" as defined in the Rule. Existing standard operating procedures of the District include initiation, oversight, and tracking of such "financial obligations" by the chief fiscal officer. Appropriate disclosure filings within the required timeframe is part of an existing contract with the District's financial advisor, acting in the capacity of dissemination agent 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 Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

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

COMPLIANCE HISTORY

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
2014	12/22/2014	10/24/2014
2015	12/09/2015	10/20/2015
2016	12/02/2016	10/25/2016
2017	12/07/2017	10/20/2017
2018	11/26/2018	11/05/2018

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.

BOOK-ENTRY-ONLY SYSTEM

In the event that the Notes are issued in registered book-entry form, DTC will act as securities depository for the Notes issued in book-entry form. The Notes 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 note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS, OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes in Certain Circumstances

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes 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 system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

NATURE OF OBLIGATION

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

Holders of any series of notes 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 notes.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon 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 limitation for the Notes.

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 Limit Law”). The Tax Levy Limit 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 Notes 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 Limit 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 Limit Law, it also provides the procedural method to surmount that limitation. See “Tax Information - Tax Levy Limit 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 city'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 city'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 City'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 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 noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city 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

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "New Tax Levy Limit Law"). The Tax Levy Limit Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are affected indirectly by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limit Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget 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"). Chapter 97 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 unless extended; it was made permanent by recent legislation. Pursuant to the Tax Levy Limit Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and this is an exclusion from the tax levy limitation. It is not applicable to the Notes.

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 Limit Law is unconstitutional as it applies to public school districts. The suit alleged that the Tax Levy Limit Law arbitrarily caps property tax levy increases and perpetuates funding inequities between affluent and low-wealth school districts. The suit further alleged that the tax cap unconstitutionally limits the ability of school districts and their taxpayers to address these inequities by exercising substantial local control. Among seven cause of action, the suit also alleges that the Tax Levy Limit Law unconstitutionally interferes with fundamental voting rights in violation of the principle of "one person, one vote." On May 5, 2016, the Appellate Division upheld a 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 increase". NYSUT then appealed to the Count of Appeals. 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 question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limit Law. School districts budgets must have complied in their 2014-2015 and 2015-2016

fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective City) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrated "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015, which generally extends the provisions of the program through 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

The Notes 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

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.

Section 99-B of the State Finance Law Applicable to School Districts

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

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

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

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 Notes 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 Notes 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 Notes) 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 grounds 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 village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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 village. (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 village 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 the 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, including the 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.

THE DISTRICT

Description

The District is located on the north shore of Long Island and straddles the Nassau County and Suffolk County border. The School District has a land area of approximately 18 square miles. Located wholly within the boundaries of the District is the Incorporated Village of Lloyd Harbor and most of the Incorporated Village of Laurel Hollow.

The northern boundary of the District is formed by Cold Spring Harbor, Lloyd Harbor and the Long Island Sound. During the 19th Century, Cold Spring Harbor was a whaling port and the Cold Spring Harbor Whaling Museum is located within the District. Also, located within the District is Caumsett State Park and the New York State Fish Hatchery. The Town of Huntington maintains public beaches and various recreational facilities throughout the District, and there are private yacht and country clubs, as well.

The area served by the District is predominately residential in character. A majority of the District is composed of large residential estates. Retail commercial business activity is found along the major thoroughfares of the District. Cold Spring Harbor Laboratories, a biological and DNA research facility, is located within the District and is a major employer. The District's location on the Nassau/Suffolk border, provides residents with employment opportunities throughout Nassau County and western Suffolk County. Many residents commute to New York City for employment.

The District is served by the Long Island Railroad which maintains a station within a 1/4 mile of the southern boundary of the District. An ample network of roads provides easy access to and from the District. Major highways include Route 25A (Main Street) which runs along Long Islands' North Shore, Route 108 and Woodbury Road. The residents of the District are provided with bus service to surrounding areas by Huntington Area Rapid Transit.

Water, electric, gas, sewage collection, fire and police protection are provided to residents of the School District as follows:

Electrical service is provided by PSEG Long Island. Natural gas service is provided by National Grid. The District's water supply and distribution system is administered by the Oyster Bay Water District, Suffolk County Water Authority and the Huntington Water District. Nassau County provides sanitary sewer services to District residents, which are primarily supported by special assessments. Police protection is provided by the Suffolk County Police, Oyster Bay Cove Police and Lloyd Harbor Police. Fire protection is provided by the Cold Spring Harbor Fire District, Huntington Fire District and Atlantic Steamer Fire Company. Ambulance service is provided by local volunteer units.

District Organization

The District is an independent entity governed by an elected board of education comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the Education Law, 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 on the third Tuesday in May). The term of office for each board member is 3 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 Assistant Superintendent for Business.

Enrollment History

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

School Year	School Enrollment
2015	1,806
2016	1,814
2017	1,764
2018	1,747
2019	1,719

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2020	1,665
2021	1,601
2022	1,563

Source: District Officials.

District Facilities

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

Name of School	Grades	Date of Construction	Date of Last Addition	Capacity
Goosehill Primary Center	K-1	1948	2002	400
Lloyd Harbor Elementary School	2-6	1935	2002	500
West Side Elementary School	2-6	1940	2002	300
Cold Spring Harbor Junior/Senior High School	7-12	1960	2004	1,500

Employees

The District provides services through approximately 313 employees who are represented by the following units of organized labor, plus non-union employees not represented.

Name of Union	Expiration Date of Contract[a]	Approx. No. of Members
Harbor Teachers Association	06/30/2020	175
United Public Service Employees Union	06/30/2020	14
United Public Service Employees Union	06/30/2020	25
United Public Service Employees Union	06/30/2019	27
Educational Resource Personnel	06/30/2021	57
Nurses Association	06/30/2023	4
Association of CSH Administrators	06/30/2025	11

a. Any contracts expired as of the date of this Official Statement are in negotiation.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the District, the Town of Oyster Bay and the Town of Huntington.

Year	District	Town of Oyster Bay	Town of Huntington
2009	8,798	301,640	202,047
2010	8,803	291,609	202,185
2013	7,880	294,307	203,447
2014	8,024	295,821	204,088
2017	8,660	298,655	204,011

Source: U.S. Bureau of the Census.

Income Data

The information set forth below with respect to such Towns, Counties 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 Towns, Counties or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2017[a]
District	-	-	$91,957	$104,532
Town of Oyster Bay	$24,449	$35,895	46,598	54,532
Nassau County	23,352	32,151	41,387	46,839
Town of Huntington	24,810	36,390	46,862	52,523
Suffolk County	18,481	26,577	35,755	40,277
New York State	16,501	23,389	30,948	35,752

	Median Household Income			
	1990	2000	2010	2017[a]
District	-	-	$166,625	$224,412
Town of Oyster Bay	$59,286	$78,839	104,453	120,826
Nassau County	54,283	72,030	93,613	105,744
Town of Huntington	60,530	82,528	102,782	112,790
Suffolk County	49,128	65,288	84,506	92,838
New York State	32,965	43,393	55,603	62,765

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2013-2017)

Listing of Larger Employers
(As of 2018)

Name	Estimated Number of Employees
Cold Spring Harbor Laboratories	365
Cold Spring Harbor Central School District	312

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) are the Towns of Huntington and Oyster Bay. The information set forth below with respect to such Towns 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 Towns or vice versa.

Annual Averages:	Town of Huntington (%)	Town of Oyster Bay (%)	State of New York (%)
2014	4.5	4.5	6.4
2015	4.2	4.0	5.3
2016	3.8	3.7	4.8
2017	4.1	3.9	4.7
2018	3.4	3.3	4.1
2019 (7 Month Average)	3.2	3.1	4.1

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 certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the District and the Notes, include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, 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 or to be paid within three fiscal year periods (such as the Notes), 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 maturity thereof. No installment may be more than fifty per centum in excess of the smallest prior installment unless the District provides for substantially level or declining annual debt service in the manner prescribed by the State Legislature. 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 or such required annual installments on its notes.

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

Statutory Requirements and Procedure

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

Pursuant to the Local Finance Law, the District authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Board of Education, the finance board of the District. Customarily, the Board of Education has delegated to the President of the Board of Education, as chief fiscal officer of the District, the power to authorize and sell bond anticipation notes in anticipation of authorized 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.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or

3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the District complies with this estoppels procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Principal installments are made in reduction of the total amount of such notes outstanding issued in anticipation thereof, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

The following pages present certain details with respect to the indebtedness of the District as of the date of the Official Statement prepared in connection with the issuance of the Notes.

Computation of Debt Limit and Debt Contracting Margin
(As of September 5, 2019)

In Town of: (2018-2019)[a]	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Huntington	$20,992,249	0.80	$2,624,031,125
Oyster Bay	1,927,335	0.22	876,061,364
	$22,919,584		$3,500,092,489

Debt Limit - 10% of Full Valuation	350,009,249
Inclusions:[b]	
Outstanding Bonds	$8,240,000
Bond Anticipation Notes	0
Total Indebtedness	8,240,000
Exclusions (Estimated Building Aid)[c]	1,236,000
Total Net Indebtedness	7,004,000
Net Debt Contracting Margin	$343,005,249
Per Cent of Debt Contracting Margin Exhausted (%)	2.00

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 this 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 no short-term debt outstanding.

Trend of Outstanding Indebtedness
As at June 30:

	2015	2016	2017	2018	2019
Bonds	$17,650,000	$15,460,000	$13,165,000	$10,760,000	$8,240,000
BANs	0	0	0	0	0
Other	0	0	0	0	0
Total	$17,650,000	$15,460,000	$13,165,000	$10,760,000	$8,240,000

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2020	$2,640,000	$348,175	$2,988,175
2021	2,745,000	239,738	2,984,738
2022	2,855,000	129,950	2,984,950
Totals:	$8,240,000	$717,863	$8,957,863

a. Does not include payments made to date.

Debt Service Requirements - Energy Performance Lease Purchase Financing[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2020	$255,368	$64,397	$319,765
2021	261,327	58,439	319,766
2022	267,425	52,340	319,765
2023	273,666	46,100	319,766
2024	280,051	39,715	319,766
2025	286,586	33,179	319,765
2026	293,274	26,492	319,766
2027	300,117	19,649	319,766
2028	307,119	12,645	319,764
2029	314,286	5,479	319,765
Totals	$2,839,219	$358,435	$3,197,654

a. Does not include payments made to date.

Tax Anticipation Notes

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

Fiscal Year Ending June 30:	Amount	Issue	Maturity
2015	$5,130,000	10/28/2014	06/25/2015
2016	5,280,000	10/28/2015	06/28/2016
2017	4,250,000	10/25/2016	06/27/2017
2018	5,000,000	09/27/2017	06/27/2018
2019	6,000,000	09/26/2018	06/27/2019

Authorized and Unissued Debt

The District has no authorized and unissued debt outstanding.

Capital Project Plans

The District is holding a public meeting on September 10, 2019 to discuss a future bond referendum in the amount of $33,200,000 for projects focusing on safety and security, academic expansion and preserving District facilities. The bond vote is expected to take place on November 19, 2019.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	05/31/2019	1.03	$21,001,617	$13,191,061
County of Nassau	04/30/2019	0.32	12,363,754	10,431,037
Town of Huntington	07/12/2019	5.78	5,879,127	4,094,892
Town of Oyster Bay	07/15/2019	1.22	8,838,961	7,381,105
Village of Lloyd Harbor	05/31/2018	100.00	2,075,830	2,075,830
Village of Laurel Hollow	05/31/2018	80.00	2,461,110	2,461,110
Cold Spring Harbor Fire District	12/31/2017	100.00	0	0
Cold Spring Harbor Library	06/30/2019	100.00	3,105,000	3,105,000
Totals			$55,725,399	$42,740,035

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 September 5, 2019)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$ 8,240,000	$ 952	0.235
Net Direct Debt	7,004,000	809	0.200
Total Direct & Applicable Total Overlapping Debt	63,965,399	7,386	1.828
Net Direct & Applicable Net Overlapping Debt	49,744,035	5,744	1.421

a. The current population of the District is 8,660.
b. The full valuation of taxable property is $3,500,092,489.

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, 2018. A copy of such report is included herein as Appendix D.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law ("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 21, 2019, a majority of the voters of the District approved the District's budget for the 2019-2020 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2018-2019 and 2019-2020 may be found in Appendix A, herein.

Revenues

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

Real Property Taxes

See *"Tax Information"* herein.

State Aid

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 $726,000,000 in 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 an $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.

School district fiscal year (2017-2018): The State's 2017-2018 Budget provided for school aid of approximately $25.8 billion, an increase of $1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, District and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans.

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

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

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 $306,709.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights ("NYSER") v. State of New York and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserted that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross 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 2019-2020 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 2014 through 2018, and the 2019 and 2020 budgeted amounts.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid To Revenues (%)
2014	$60,681,505	$2,961,244	4.88
2015	61,860,296	3,179,663	5.14
2016	63,583,062	3,313,352	5.21
2017	64,695,815	4,020,393	6.21
2018	67,042,331	4,670,774	6.97
2019 (Budgeted) [a]	68,466,684	4,049,983	5.92
2020 (Budgeted) [a]	70,274,817	3,976,303	5.66

Source: Audited Financial Statements and Adopted Budgets of the District
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: 10.0%, Environmental Score: 0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released November 25, 2016. The purpose of such audit was to review the District's procurement process for the period July 1, 2014 through May 31, 2016. The complete report, along with the District's response, may be found on the OSC's official website.

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 five completed fiscal years and the budgeted amount for the fiscal year 2020.

Fiscal Year Ending June 30:	ERS	TRS
2015	$4,128,412	$1,071,511
2016	4,542,025	1,013,701
2017	3,535,967	824,732
2018	3,222,083	860,378
2019	2,685,792	813,518
2020 (Budgeted)	3,244,250	868,950

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The District's total OPEB liability at June 30, 2018 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2018:
Balance as of June 30, 2017	$117,205,609
Changes for the year:	
Service Cost	3,611,287
Interest	4,254,660
Differences between actual and expected experience	(9,872,738)
Benefit payments	(2,607,956)
Total Changes	($4,614,747)
Total OPEB liability as of June 30, 2018	$112,590,862

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 an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and their 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. The proposed was not enacted into law in the last two legislative sessions. It is not known if such legislation will be reintroduced in the future.

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 Towns of Oyster Bay and Huntington. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations, but is subject to statutory requirements.

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 2014 through 2018, inclusive, and the budgeted amounts for fiscal years 2019 and 2020.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2014	$60,681,505	$55,387,952	91.28
2015	61,860,296	56,604,125	91.50
2016	63,583,062	57,768,113	90.85
2017	64,695,815	58,529,643	90.47
2018	67,042,331	60,084,353	89.62
2019 (Budgeted) [a]	68,466,684	63,010,283	92.03
2020 (Budgeted) [a]	70,274,817	64,861,519	92.30

Source: Audited Financial Statements and Adopted Budget of the District.
a. Budgeted revenues include the application of reserves and fund balance.

Tax Collection Procedure

Suffolk County

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

The Town Tax Receiver distributes the collected tax money to the Town, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection.

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.

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 school district operations. The County does not currently seek reimbursement from the affected school district following the payment of a refund to a taxpayer. However, the County has enacted a law to end its long-standing practice of paying tax certiorari settlements on behalf of local taxing districts, including school districts. Such law is currently the subject of litigation. The trial court ruled in favor of the County, however the Appellate Division reversed the decision of the trial court. The County appealed the decision of the Appellate Division and the Court of Appeals agreed to hear the appeal in this case. 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.

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 5% of the District's 2018-2019 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 5% of the District's 2019-2020 school tax levy is expected to be exempted by the STAR program. (See *"State Aid"* herein).

Valuations, Rates Levies and Collections

	2015	2016	2017	2018	2019
Assessed Valuation:					
Town of:					
Huntington	$21,275,689	$21,259,415	$21,220,239	$21,098,075	$20,992,249
Oyster Bay	2,258,537	2,184,338	2,056,429	1,977,968	1,927,335
Total Assessed Valuation	$23,534,226	$23,443,753	$23,276,668	$23,076,043	$22,919,584
Equalization Rates:					
Town of:					
Huntington	0.89%	0.86%	0.85%	0.84%	0.80%
Oyster Bay	0.30%	0.27%	0.26%	0.24%	0.22%
Full Valuation					
Town of:					
Huntington	$2,390,526,854	$2,472,025,000	$2,496,498,706	$2,511,675,595	$2,624,031,125
Oyster Bay	752,845,667	809,014,074	790,934,231	824,153,333	876,061,364
Total Full Valuation	$3,143,372,521	$3,281,039,074	$3,287,432,937	$3,335,828,929	$3,500,092,489
Tax Levy					
Town of:					
Huntington	$44,836,062	$45,545,634	$46,094,612	$47,402,350	$48,877,077
Oyster Bay	13,324,610	13,835,896	13,791,690	13,936,094	14,133,206
Total Tax Levy	$58,160,672	$59,381,530	$59,886,302	$61,338,444	$63,010,283

Selected Listing of Large Taxable Properties
2018-2019 Assessment Roll

Name	Type	Assessed Valuation
Iroquois Gas Trans System	Commercial	$ 193,813
LHV Holdings LLC	Commercial	127,100
Long Island Power Authority	Utility	110,502
Laval Properties Corp. NV	Commercial	96,650
Resident	Residential	64,550
Long Island Lighting Co	Utility	57,300
Huntington Purchase Inc	Commercial	55,600
No# Fort Hill Drive LLC	Commercial	52,560
Resident	Residential	51,550
Resident	Residential	40,400
Resident	Residential	40,000
Resident	Residential	39,575
Resident	Residential	39,325
Keyspan Corporation	Utility	39,077
Resident	Residential	38,000
	Total	$1,046,002

a. Represents 4.56% of the total assessed valuation of the District for 2018-2019.
Source: Town Assessment Rolls.

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 Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes 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

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

There are various other forms of risk associated with investing in the Notes. Although none of such risks currently exist with respect to the District or the Notes, there can be no assurance that one or more of such events will not occur in the future. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "*Special Provisions Affecting Remedies Upon Default*", herein). If a Noteholder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential 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 risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large 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 considerable strain on the District's financial condition.

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's 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.

A deterioration of District finances could cause the credit rating of the District bonds to be lowered, suspended or withdrawn, if such action were to be deemed appropriate by Moody's Investors Service Inc. Any of such actions on the part of Moody's Investors Service Inc. could have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

If and when a holder of any of the Notes should elect to sell a Bond or a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interests 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 Notes and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Notes (See "*Tax Matters*" herein).

CYBERSECURITY

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

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 Notes 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 Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C 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 Notes. The District has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes possibly 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 Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. 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 Notes.

Certain 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 Notes) 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 and the Notes 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 Notes 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 Notes 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.

Legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes 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. Certain legislative proposals in recent years generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. 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 Notes. Prospective purchasers of the Notes 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 Notes are subject to the respective approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the forms attached hereto as Appendix C.

RATING

The Notes are not rated.

S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153 has assigned a rating of "AAA" to the outstanding bonds of the District. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of agency circumstances so warrant.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes 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 Notes 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 Notes are to be issued is the Education Law and the Local Finance Law.

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 James Stucchio, Assistant Superintendent for Business, Cold Spring Harbor Central School District, 75 Goose Hill Road, Cold Spring Harbor, New York 11724, telephone number 631/367-5932, email: jstucchio@csh.k12.ny.us, or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: 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 assume no liability or responsibility for any errors or omissions, unauthorized editing 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 Notes is to be construed as a contract with the holders of the Notes.

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 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 Notes, 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 her by the authorizing tax anticipation resolution to sell and deliver the Notes.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Cold Spring Harbor Central School District.

By: _____
ANTHONY PAOLANO
President of the Board of Education
Cold Spring Habor Central School District

Dated: September , 2019

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances

General Fund

	2014	2015	2016	2017	2018
Revenues:					
Real Property Taxes	$ 55,387,952	$ 56,604,125	$ 57,768,113	$ 58,529,463	$ 60,084,353
Other Tax Items	1,712,074	1,556,639	1,613,580	1,421,110	1,331,106
Charges for Services	297,206	110,638	543,705	341,478	368,557
Use of Money and Property	27,447	20,172	23,488	29,819	51,245
Sale of Property and Compensation for Loss				7,525	
Miscellaneous	277,071	356,172	304,659	302,412	496,009
State Sources	2,961,244	3,179,663	3,313,352	4,020,393	4,670,774
Federal Sources	18,511	32,887	16,165	43,615	40,287
Total Revenues	60,681,505	61,860,296	63,583,062	64,695,815	67,042,331
Expenditures:					
General Support	6,594,783	6,581,915	6,779,911	7,165,146	6,980,448
Instruction	31,636,410	32,074,517	33,858,302	34,808,467	34,492,253
Pupil Transportation	3,982,042	3,864,264	4,087,898	4,119,058	4,137,691
Community Services	555		575	596	614
Employee Benefits	13,552,659	14,338,565	13,576,944	13,790,416	13,796,755
Debt Service	3,031,531	3,319,280	3,352,441	3,340,924	3,388,990
Total Expenditures	58,797,980	60,178,541	61,656,071	63,224,607	62,796,751
Excess (Deficit) of Revenues Over Expenditures	1,883,525	1,681,755	1,926,991	1,471,208	4,245,580
Other Sources and Uses:					
Proceeds of Refunding Bonds	46,863				
Premium on Obligations		25,907	36,485		37,802
Operating Transfers In		10,563	167,807	91,725	19,633
Operating Transfers (Out)	(1,616,084)	(1,305,221)	(1,896,756)	(2,180,316)	(2,194,762)
Total Other Sources and Uses	(1,569,221)	(1,268,751)	(1,692,464)	(2,088,591)	(2,137,327)
Fund Balance - Beg. of Year	8,532,998	8,847,302	9,260,306	9,494,833	8,877,450
Other Changes in Fund Equity					3,742,689
Fund Balance - End of Year	$ 8,847,302	$ 9,260,306	$ 9,494,833	$ 8,877,450	$ 14,728,392

Sources: Audited Financial Statements of the District (2014-2018)
NOTE: This table NOT audited

Balance Sheet - General Fund

Fiscal Year Ended June 30:

	2018	2017
ASSETS:		
Cash:		
Unrestricted	$ 8,740,235	$ 14,445,149
Restricted	11,308,321	5,383,906
Receivables:		
State and Federal Aid	89,544	90,757
Due from Other Governments	1,009,628	893,882
Taxes	397,204	282,692
Due From Other Funds	241,007	90,151
Due From Fiduciary Funds	8,347	9,927
Other Receivables		
Total Assets	$ 21,794,286	$ 21,196,464
LIABILITIES:		
Payables:		
Accounts Payable	$ 733,923	$ 436,733
Accrued Liabilities	396,096	882,246
Due To Other Funds	2,779,517	3,175,155
Due To Other Governments	83,793	90,857
Due To Teachers' Retirement System	2,839,267	3,351,069
Due To Employees Retirement System	233,298	227,428
Compensated Absences Payable		3,742,689
Deferred Inflows of Resources		412,837
Total Liabilities	$ 7,065,894	$ 12,319,014
FUND BALANCES:		
Restricted	11,308,321	5,383,906
Assigned	681,407	835,425
Unassigned	2,738,664	2,658,119
Total Fund Balances	14,728,392	8,877,450
Total Liabilities and Fund Balances	$ 21,794,286	$ 21,196,464

Sources: Audited Financial Statements of the District (2017-2018)

NOTE: This table NOT audited.

Budget Summaries

	Fiscal Years Ending June 30:	
	2019(a)	2020(b)
Revenues:		
Real Property Taxes	$ 63,010,283	$ 64,861,519
State Aid	4,049,983	3,976,303
Other Revenue	606,418	636,995
Appropriated Fund Balance	550,000	550,000
Appropriated Reserve	250,000	250,000
Total Revenues	$ 68,466,684	$ 70,274,817
Expenditures:		
General Support	$ 7,607,996	$ 7,942,096
Instruction	36,482,059	37,657,949
Pupil Transportation	4,423,519	4,536,114
Community Services	1,000	1,000
Employee Benefits	15,789,754	15,856,340
Interfund Transfers	740,000	745,000
Debt Service	3,422,356	3,536,318
Total Expenditures	$ 68,466,684	$ 70,274,817

(a) Approved by the voters of the District on May 15, 2018
(b) Approved by the voters of the District on May 21, 2019

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

APPENDIX B

CASH FLOW SUMMARIES

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

CASH FLOW ACTUAL 2018-2019 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec 1-21	Dec 22-31	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	9,386	7,486	4,806	7,487	2,132	1,153	(2,996)	(2,576)	15,223	13,244	8,085	6,502	11,403	9,386 a
Receipts														
Property Taxes	35	397		400	5,250	1,000	267	24,194	2,629	362	3,078	11,204	15,880	64,696
STAR Payment								1,167						1,167
State Aid		581	976	1,483	330	170		15	15	430			607	4,607
Other Receipts	153	65	106	348	187	200	153	76	168	144	143	94	494	2,331
TAN Proceeds			6,043											6,043
Total Receipts	188	1,043	7,125	2,231	5,767	1,370	420	25,452	2,812	936	3,221	11,298	16,981	78,844
Disbursements														
Salaries & Benefits	639	641	2,359	3,641	3,950	3,153		2,910	2,963	3,034	2,983	4,523	6,326	37,122
Services & Support	1,057	2,273	1,892	3,454	2,294	2,180		2,078	1,572	2,872	1,481	1,668	2,148	24,969
Equipment		20	21	159	22	14		43	3	17	8	22	42	371
Transfer to Library	172	789	172	172	172	172		172	253	172	172	172	172	2,762
Debt Service	220			160	308			2,450			160	12		3,310
TAN Principal Repayment													6,000	6,000
TAN Interest Repayment													136	136
Total Disbursements	2,088	3,723	4,444	7,586	6,746	5,519	0	7,653	4,791	6,095	4,804	6,397	14,824	74,670
Balance	7,486	4,806	7,487	2,132	1,153	(2,996)	(2,576)	15,223	13,244	8,085	6,502	11,403	13,560	13,560
Note Repayment Account														
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	6,000	6,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	6,000	6,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Includes a portion of Restricted Reserves.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

CASH FLOW PROJECTION 2019-2020 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec 1-20	Dec 21-31	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	13,560	11,569	7,665	12,944	5,802	5,604	681	1,186	21,370	17,387	11,886	7,652	12,899	13,560 a
Receipts														
Property Taxes		50		500	5,500	1,000	500	24,385	3,503	642	2,335	10,449	17,513	66,377
STAR Payment								1,300						1,300
State Aid		119	1,011	1,352	418				99	398			579	3,976
Other Receipts	110	79	38	19	60	8	5	45	13	29	38	35	159	638
TAN Proceeds			9,000											9,000
Total Receipts	110	248	10,049	1,871	5,978	1,008	505	25,730	3,615	1,069	2,373	10,484	18,251	81,291
Disbursements														
Salaries & Benefits	691	659	2,425	4,743	3,060	3,241		2,991	3,045	3,119	4,566	3,149	6,502	38,191
Services & Support	1,233	2,495	2,138	3,903	2,592	2,463		2,348	1,777	3,245	1,674	1,885	2,457	28,210
Equipment		30	30	30	30	50		30	30	30	30	20	27	337
Transfer to Library	177	803	177	177	177	177		177	246	176	177	177	177	2,818
Debt Service		165		160	317				2,500		160	6		3,308
TAN Principal Repayment													9,000	9,000
TAN Interest Repayment													180	180
Total Disbursements	2,101	4,152	4,770	9,013	6,176	5,931	0	5,546	7,598	6,570	6,607	5,237	18,343	82,044
Balance	11,569	7,665	12,944	5,802	5,604	681	1,186	21,370	17,387	11,886	7,652	12,899	12,807	12,807
Note Repayment Account														
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	9,000	9,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	9,000	9,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Includes a portion of Restricted Reserves.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

September 26, 2019

Cold Spring Harbor Central School District,
Counties of Suffolk and Nassau,
State of New York

Re: Cold Spring Harbor Central School District, Suffolk and Nassau Counties, New York
$9,000,000 Tax Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $9,000,000 Tax Anticipation Note, 2019 (the "Obligation"), of the Cold Spring Harbor Central School District, Suffolk and Nassau Counties, New York (the "Obligor"), dated September 26, 2019, numbered , of the denomination of $9,000,000, bearing interest at the rate of % per annum, payable at maturity, and maturing June 25, 2020.

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, subject to applicable statutory limitations; 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 alternative minimum tax. 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 under the circumstances and subject to the terms and conditions set forth in such documents.

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,

/es

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

APPENDIX D

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Required Supplementary Information:	
Management's Discussion And Analysis ("MD&A")	3
Basic Financial Statements:	
District-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of Governmental Funds Balance Sheet To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement Of Activities	19
Fund Financial Statements -	
Statement Of Fiduciary Net Position - Fiduciary Funds	20
Statement Of Changes In Fiduciary Net Position - Fiduciary Funds	21
Notes To Financial Statements	22
Required Supplementary Information Other Than MD&A:	
General Fund -	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual	50
Schedule Of Changes In The District's Total OPEB Liability And Related Ratios	51
Schedule Of District's Proportionate Share Of The Net Pension Liability - NYSERS	52
Schedule Of District's Proportionate Share Of The Net Pension Liability - NYSTRS	53
Schedule Of District Pension Contributions - NYSERS	54
Schedule Of District Pension Contributions - NYSTRS	55
Other Supplementary Information (Required by the New York State Education Department):	
General Fund -	
Schedule Of Change From Adopted Budget To Final Budget And The Real Property Tax Limit	56
Schedule Of Project Expenditures And Financing Sources - Capital Projects Fund	57
Net Investment In Capital Assets	58
Extraclassroom Activity Funds	59
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*	64
Schedule Of Findings And Recommendations	66

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, 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 Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Cold Spring Harbor Central School District as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles and Prior Period Adjustment

As described in Note 3 to the financial statements, in 2018 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The effect of GASB Statement No. 75 required a prior period adjustment as discussed in Note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-13 and 50-55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, 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 requested by the New York State Education Department is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Melville, New York
October 3, 2018

Nawrocki Smith LLP

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

The following is a discussion and analysis of the Cold Spring Harbor Central School District's (the "District") financial performance as of and for the year ended June 30, 2018. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Revenues increased by 2.5% as a result of increased real property taxes and State sources offset by decreases in capital grants. Expenses decreased by 3.2% as a result of decreased instructional and general support expenses;
- The District continued to offer all programs, without reducing services, while maintaining adequate fund balances;
- The District funded the Capital Reserve with a current appropriation of $3,000,000 to the Reserve.
- As described in Note 3 to the financial statements, "New Accounting Standards", the District has adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended June 30, 2018. The adoption of this principle resulted in a restatement of the District's net position as of July 1, 2017 in the amount of $72,272,838, as indicated in Note 17 to the financial statements. Prior year balances in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements including a comparison of the District's General Fund budget and actual results for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-1: Major Features of the District-wide and Fund Financial Statements

	District-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities.* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.

- Fiduciary funds: The District is the trustee or fiduciary, for assets that belong to others, such as the scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position decreased by 1.2% from the year before to a net deficit position balance of $70,643,367, as detailed in Tables A-2 and A-3.

The restricted net position balance of $13,103,465 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2018, the District has an unrestricted net deficit of $106,650,801. This deficit is primarily driven by the District's required recognition the total other postemployment benefit ("OPEB") liability of $112,590,862 as required by GASB Statement No. 75.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	6/30/18	(As Restated) 6/30/17	$ Change	% Change
Current and other assets	$ 24,541,569	$ 22,596,859	$ 1,944,710	8.6
Capital assets, net	37,457,729	36,363,787	1,093,942	3.0
Total assets	61,999,298	58,960,646	3,038,652	5.2
Deferred outflows of resources	19,204,894	19,421,189	(216,295)	(1.1)
Current liabilities	7,946,075	8,459,928	(513,853)	(6.1)
Long-term liabilities	128,701,310	138,861,917	(10,160,607)	(7.3)
Total liabilities	136,647,385	147,321,845	(10,674,460)	(7.2)
Deferred inflows of resources	15,200,174	889,956	14,310,218	1,608.0
Net position:				
Net investment in capital assets	22,903,969	18,984,922	3,919,047	20.6
Restricted	13,103,465	9,585,312	3,518,153	36.7
Unrestricted (deficit)	(106,650,801)	(98,400,200)	(8,250,601)	(8.4)
Total net position (deficit)	$ (70,643,367)	$ (69,829,966)	$ (813,401)	(1.2)

As of June 30, 2018, the District had positive working capital of $2,569,878 as compared to $7,350,904 as of June 30, 2017. The decrease is primarily due to a decrease in cash of approximately $5.7 million, offset by increases in State and federal aid receivables and due from other governments.

As of June 30, 2018, the District had an investment in capital assets of $37,457,729 as compared to $36,363,787 as of June 30, 2017. The increase is due to the current year outlay for ongoing capital projects exceeding depreciation charges and asset disposals.

Long-term liabilities decreased $10,160,607 due to the net change in the total OPEB liability, the reduction in bonds payable and the reduction of the proportionate share of the net pension liabilities.

Changes in Net Position

The District's fiscal year 2018 revenues totaled $68,010,562 (See Table A-3). Real property taxes and State sources accounted for most of the District's revenue by contributing 88 cents and 6 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other tax items, charges for services, operating grants, miscellaneous, and use of money and property.

Revenues increased 2.5% or $1,659,608, primarily as a direct result of an increase in real property taxes of $1,554,890 (based on assessed valuation) as well as an increase in State sources of $235,816 and miscellaneous sources of $227,709, offset by a decrease in capital grants of $336,029.

The District's fiscal year 2018 expenses totaled $68,823,963 (See Table A-3). These expenses (83 percent) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 15 percent of total costs.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	6/30/18	6/30/17	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$ 1,123,075	$ 1,143,080	$ (20,005)	(1.8)
Operating grants	591,427	474,020	117,407	24.8
Capital grants	-	366,029	(366,029)	(100.0)
General revenues:				
Real property taxes	60,084,353	58,529,463	1,554,890	2.7
Other tax items	1,331,106	1,421,110	(90,004)	(6.3)
Use of money and property	51,523	30,053	21,470	71.4
Sale of property and compensation for loss	-	7,525	(7,525)	(100.0)
State sources	4,257,937	4,022,121	235,816	5.9
Federal sources - Medicaid	29,494	43,615	(14,121)	(32.4)
Miscellaneous	541,647	313,938	227,709	72.5
Total revenues	68,010,562	66,350,954	1,659,608	2.5
Expenses				
General support	10,030,189	10,366,290	(336,101)	(3.2)
Instruction	53,144,065	55,028,073	(1,884,008)	(3.4)
Pupil transportation	4,212,008	4,226,317	(14,309)	(0.3)
Community services	614	596	18	3.0
Debt service - interest	517,036	588,799	(71,763)	(12.2)
School lunch program	920,051	913,086	6,965	0.8
Total expenses	68,823,963	71,123,161	(2,299,198)	(3.2)
Increase (decrease) in net position	(813,401)	(4,772,207)	3,958,806	83.0
Net position (deficit), beginning of year	(69,829,966)	7,215,079	(77,045,045)	(1,067.8)
Prior period adjustment, see Note 17	-	(72,272,838)	72,272,838	100.0
Net position (deficit), end of year	$ (70,643,367)	$ (69,829,966)	$ (813,401)	(1.2)

Table A-4: Sources of Revenues for Fiscal Year 2018

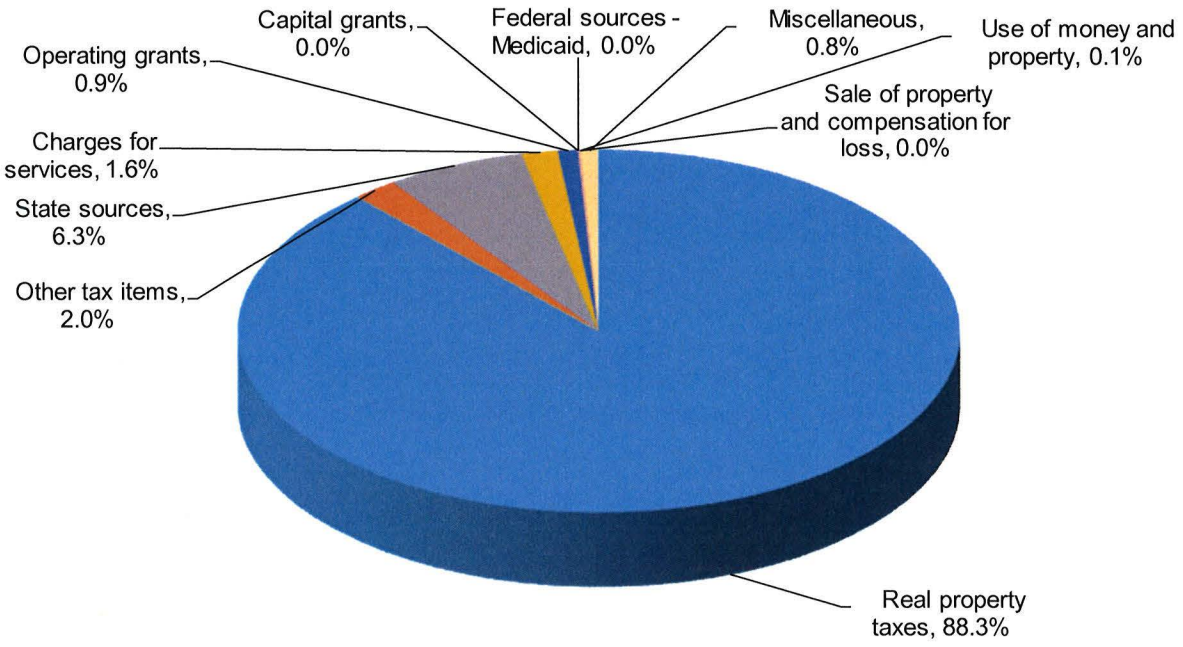


Table A-5: Sources of Revenues for Fiscal Year 2017

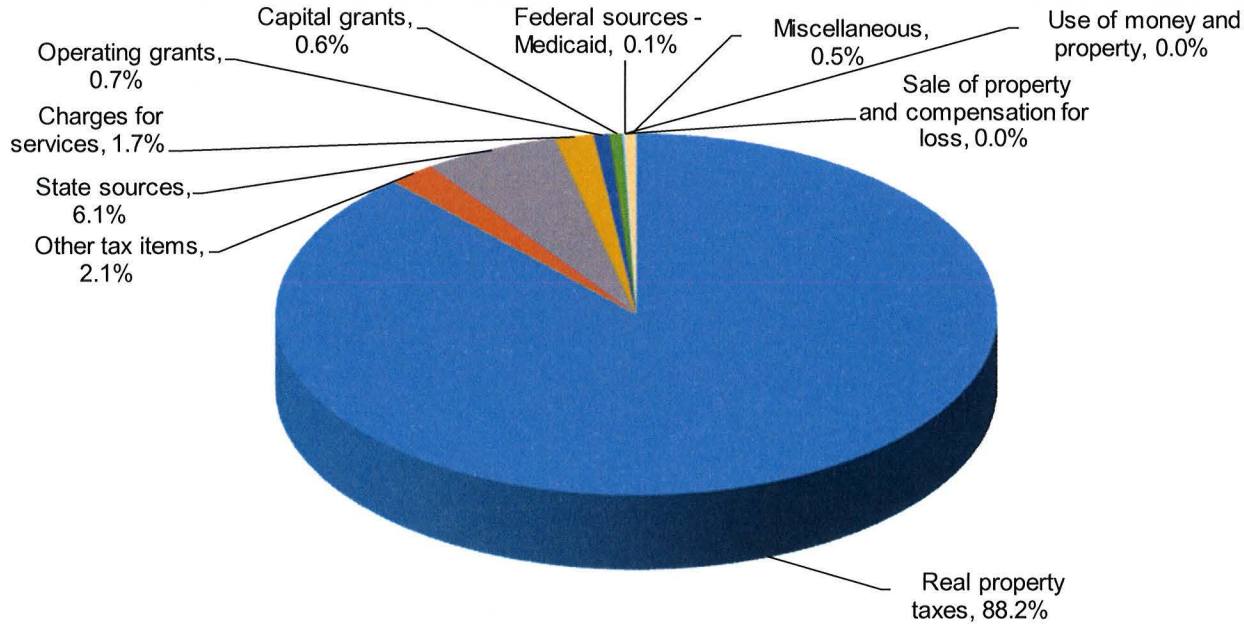


Table A-6: Expenses for Fiscal Year 2018

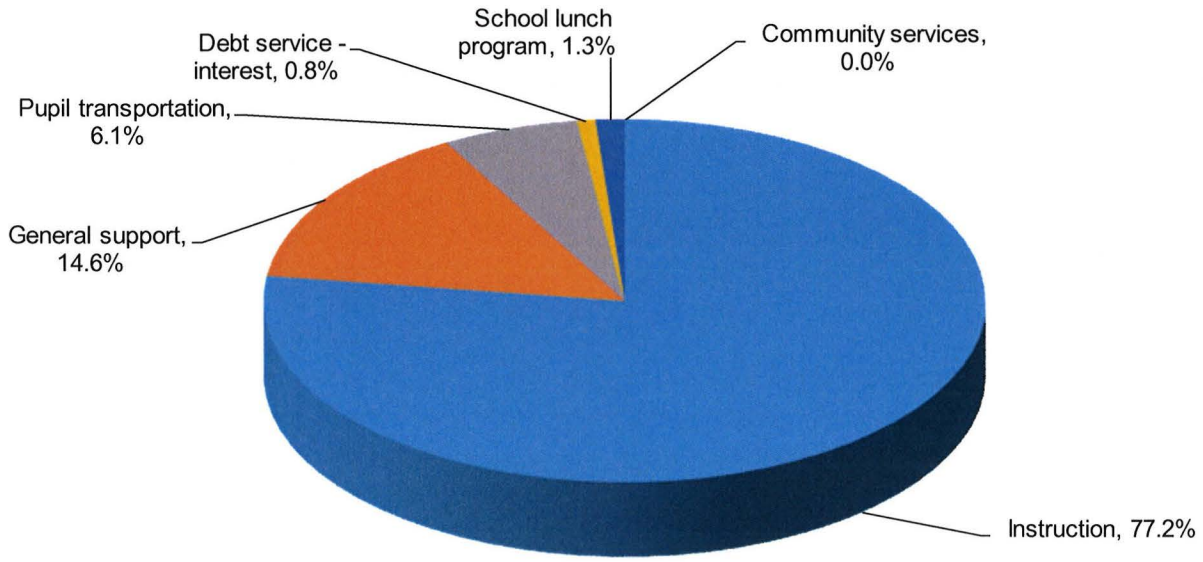
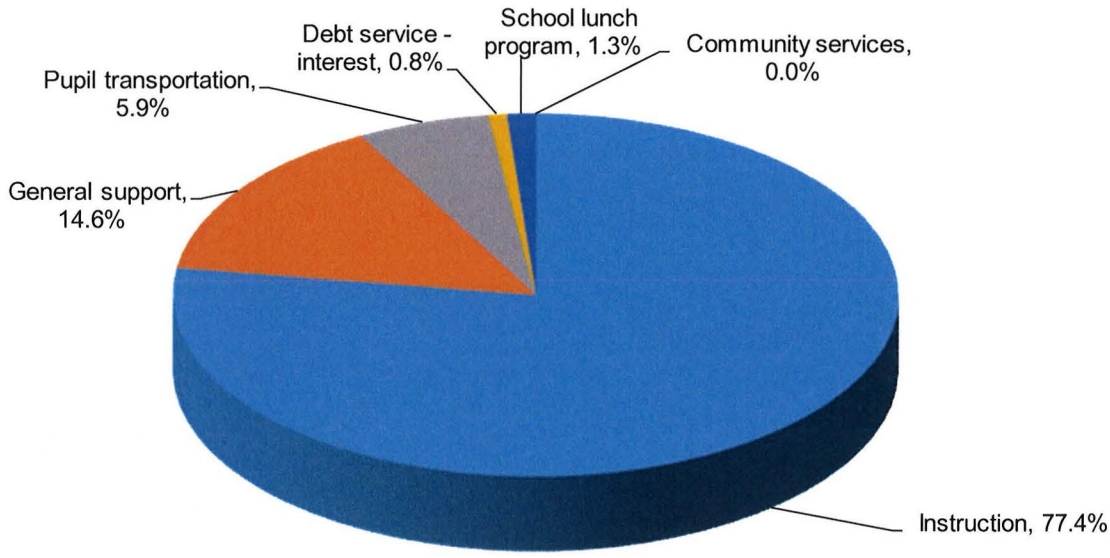


Table A-7: Expenses for Fiscal Year 2017



Governmental Activities

Revenues for the District's governmental activities totaled $68,010,562 while total expenses were $68,823,963. Therefore, the decrease in net position for governmental activities was $813,401 in 2018. The District's financial condition was affected by:

- An increase in real property tax revenue;
- Changes in State aid (sources); and
- Changes in the total OPEB liability

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by $1,554,890. This increase was within the tax cap, reflects a modest tax increase to residents and allows for a continued strong educational program.
- Other tax items include the reimbursements received under the School Tax Reimbursement Program ("STAR"). The STAR program provides tax relief to homeowners through State reimbursement to the District. Payments in lieu of taxes ("PILOTS") are also included within this category. The revenues from the STAR program remained consistent with the prior year, while PILOT payments decreased $90,004 reflecting current agreements during the year ended June 30, 2018.
- Unrestricted State sources (aid) increased by $235,816, or 5.9% during the year ended June 30, 2018.

Expenses:

- Instruction expenses decreased by $1,884,008. The primary reasons for the decrease in instruction expenses are decreased enrollment and the decrease in the total OPEB liability, offset by contractual salary increases and higher employee benefits, primarily due to higher retirement contribution rates, health insurance costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2018, the District's governmental funds reported a combined fund balance of $18,869,622, which is an increase of $1,710,069 from June 30, 2017, as restated. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	6/30/18	(As Restated) 6/30/17	$ Change	% Change
General Fund				
Restricted:				
Capital	$ 4,549,280	$ 2,984,280	$ 1,565,000	52.4
Employee Benefit Accrued Liability	3,649,463	1,424,463	2,225,000	156.2
Unemployment Insurance	275,081	275,081	-	0.0
Workers' Compensation	700,082	700,082	-	0.0
Retirement	2,134,415	-	2,134,415	100.0
Assigned:				
Appropriated for subsequent year's expenditures	550,000	550,000	-	0.0
Encumbrances	131,407	285,425	(154,018)	(54.0)
Unassigned	2,738,664	6,400,808	(3,662,144)	(57.2)
Total General Fund	14,728,392	12,620,139	2,108,253	16.7
School Lunch Fund				
Nonspendable:				
Inventory	15,751	12,385	3,366	27.2
Assigned:				
School Lunch Fund	195,920	325,623	(129,703)	(39.8)
Total School Lunch Fund	211,671	338,008	(126,337)	(37.4)
Debt Service Fund				
Restricted:				
Debt Service Fund	644,885	644,885	-	0.0
Total Debt Service Fund	644,885	644,885	-	0.0
Capital Projects Fund				
Restricted:				
Capital Projects	3,284,674	3,556,521	(271,847)	(7.6)
Total Capital Projects Fund	3,284,674	3,556,521	(271,847)	(7.6)
Total fund balance	$ 18,869,622	$ 17,159,553	$ 1,710,069	10.0

General Fund

The General Fund reported an increase in fund balance of $2,108,253 for fiscal 2018, as compared to a decrease of $617,383 for fiscal 2017. Revenues increased $2,346,516 mainly as a result of the increase in the budgeted property tax levy. Expenditures decreased $427,856 due to decreased general support and instructional expenses. Other financing sources decreased $48,736 due to increased transfers to the Capital Fund. As a result of the increase in revenues and the decrease in expenditures, the District reported an increase in fund balance. The District also performed favorably compared to the budgeted expectations, as shown on page 50.

General Fund Budgetary Highlights

Reference is made to the supplementary schedule on page 50 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were more than the final budgeted revenues by approximately $825,000.

- Actual expenditures were approximately $3,394,000 (including encumbrances of approximately $131,000) less than final (not including interfund transfers) budget primarily due to lower than anticipated costs across all categories.

At June 30, 2018, the District's unassigned fund balance was $2,738,664 which was within the allowable 4% of the subsequent year's budget ($68,466,684) as promulgated by New York State (see page 56). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2018:

Unassigned fund balance, beginning of year, as restated	$ 6,400,808
Add:	
Net change in fund balance	2,108,253
Prior-year appropriated fund balance	550,000
Prior-year encumbrances	285,425
Voter approved use of Capital Reserve	1,435,000
Less:	
Current-year appropriated fund balance	(550,000)
Current-year encumbrances	(131,407)
Transfer to Capital Reserve	(3,000,000)
Transfer to Employee Benefit Accrued Liability Reserve	(2,225,000)
Transfer to Retirement Reserve	(2,134,415)
Unassigned fund balance, end of year	$ 2,738,664

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested $37,457,729 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The District is conducting a variety of minor capital projects through its Capital Reserve Program.

Table A-9: Capital Assets (net of depreciation)

	6/30/18	6/30/17	$ Change	% Change
Land	$ 125,075	$ 125,075	$ -	0.0
Construction-in-progress	4,703,055	3,896,475	806,580	20.7
Buildings and building improvements	32,120,342	31,781,401	338,941	1.1
Furniture and equipment	509,257	560,836	(51,579)	(9.2)
Totals	$ 37,457,729	$ 36,363,787	$ 1,093,942	3.0

Long-Term Debt

At year-end, the District had $18,991,737 in general obligation bonds and other long-term debt.

Table A-10: Outstanding Long-Term Debt

	6/30/18	6/30/17	$ Change	% Change
General obligation bonds	$ 11,464,996	$ 14,046,246	$ (2,581,250)	(18.4)
Installment purchase debt payable	3,088,764	3,332,619	(243,855)	(7.3)
Workers' Compensation claims payable	414,574	458,114	(43,540)	(9.5)
Compensated absences	4,023,403	3,742,689	280,714	7.5
Totals	$ 18,991,737	$ 21,579,668	$ (2,587,931)	(12.0)

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.

- The General Fund Budget for the 2018-2019 school year was approved by the voters in the amount of $68,466,684, which represents an increase of $1,843,611 or 2.8% over the Original Budget for the 2017-18 school year of $66,623,073.

- The General Fund budget for the 2018-2019 school year is impacted by certain trends affecting school districts. These include potential increases in retirement contributions, health insurance costs, Workers' Compensation judgments and potential unemployment insurance claims, which are beyond the District's control.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Cold Spring Harbor Central School District
District Offices
Attn: Assistant Superintendent for Business
75 Goose Hill Road
Cold Spring Harbor, NY 11724
(631) 367-5928

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Unrestricted cash	$	8,768,317
Receivables:		
State and federal aid		312,258
Due from other governments		1,406,832
Due from fiduciary funds		8,347
Other		4,448
Inventories		15,751
Restricted cash		12,706,933
Proportionate share of net pension asset		1,318,683
Capital assets		
Non-depreciable		4,828,130
Depreciable, net of accumulated depreciation of $41,330,821		32,629,599
Total assets		61,999,298
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions		19,204,894
Total deferred outflows of resources		19,204,894
LIABILITIES		
Accounts payable		741,916
Accrued interest payable		203,219
Accrued liabilities		413,281
Due to other governments		84,069
Due to teachers' retirement system		2,839,267
Due to employees' retirement system		233,298
Unearned revenues		41,433
Long-term liabilities, due within one year:		
Bonds payable, inclusive of premiums and discounts		2,696,250
Installment purchase debt payable		249,545
Workers' Compensation claims payable		41,457
Compensated absences		402,340
Long-term liabilities, due after one year:		
Bonds payable, inclusive of premiums and discounts		8,768,746
Installment purchase debt payable		2,839,219
Workers' Compensation claims payable		373,117
Compensated absences		3,621,063
Proportionate share of net pension liability		508,303
Other postemployment benefits obligation		112,590,862
Total liabilities		136,647,385
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions		5,327,436
Deferred inflows from OPEB		9,872,738
Total deferred inflows of resources		15,200,174
NET POSITION		
Net investment in capital assets		22,903,969
Restricted:		
Capital		4,549,280
Employee Benefit Accrued Liability		3,649,463
Unemployment Insurance		275,081
Workers' Compensation		700,082
Debt Service		644,885
District Improvements		3,284,674
Unrestricted		(106,650,801)
Total net position	$	(70,643,367)

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	$ 10,030,189	$ 45,068	$ 68,521	$ (9,916,600)
Instruction	53,144,065	323,022	491,114	(52,329,929)
Pupil transportation	4,212,008	467	710	(4,210,831)
Community services	614	-	-	(614)
Debt service - interest	517,036	-	-	(517,036)
School lunch program	920,051	754,518	31,082	(134,451)
Total functions and programs	$ 68,823,963	$ 1,123,075	$ 591,427	(67,109,461)
General revenues:				
Real property taxes				60,084,353
Other tax items				1,331,106
Use of money and property				51,523
State sources				4,257,937
Federal sources - Medicaid assistance				29,494
Miscellaneous				541,647
Total general revenues				66,296,060
Change in net position				(813,401)
Total net position, beginning of year, as restated, see Note 17				(69,829,966)
Total net position, end of year				$ (70,643,367)

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Funds					
		Special Revenue Funds				
	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 8,740,235	$ -	$ 28,082	$ -	$ -	$ 8,768,317
Receivables:						
State and federal aid	89,544	220,296	2,418	-	-	312,258
Due from other governments	1,009,628	-	-	-	-	1,009,628
Property taxes	397,204	-	-	-	-	397,204
Due from other funds	241,007	-	9,362	-	2,770,155	3,020,524
Due from fiduciary funds	8,347	-	-	-	-	8,347
Other	-	-	4,448	-	-	4,448
Inventories	-	-	15,751	-	-	15,751
Restricted cash	11,308,321	41,674	195,920	646,499	514,519	12,706,933
Total assets	$ 21,794,286	$ 261,970	$ 255,981	$ 646,499	$ 3,284,674	$ 26,243,410
LIABILITIES						
Payables:						
Accounts payable	$ 733,923	$ 6,771	$ 1,222	$ -	$ -	$ 741,916
Accrued liabilities	396,096	15,806	1,379	-	-	413,281
Due to other funds	2,779,517	239,393	-	1,614	-	3,020,524
Due to other governments	83,793	-	276	-	-	84,069
Due to teachers' retirement system	2,839,267	-	-	-	-	2,839,267
Due to employees' retirement system	233,298	-	-	-	-	233,298
Unearned revenues	-	-	41,433	-	-	41,433
Total liabilities	7,065,894	261,970	44,310	1,614	-	7,373,788
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	15,751	-	-	15,751
Restricted	11,308,321	-	-	644,885	3,284,674	15,237,880
Assigned	681,407	-	195,920	-	-	877,327
Unassigned	2,738,664	-	-	-	-	2,738,664
Total fund balance	14,728,392	-	211,671	644,885	3,284,674	18,869,622
Total liabilities and fund balance	$ 21,794,286	$ 261,970	$ 255,981	$ 646,499	$ 3,284,674	$ 26,243,410

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		$ 18,869,622
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	$ 4,828,130	
Depreciable	73,960,420	
Accumulated depreciation	(41,330,821)	37,457,729
Proportionate share of long-term liability, and deferred outflows of resources and inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the funds:		
Proportionate share of net pension asset	1,318,683	
Deferred outflows of resources - pension related	19,204,894	
Proportionate share of net pension liability	(508,303)	
Deferred inflows of resources - pension related	(5,327,436)	14,687,838
Amounts reported as deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the funds.		(9,872,738)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Bonds payable, inclusive of premiums and discounts	(11,464,996)	
Installment purchase debt payable	(3,088,764)	
Workers' Compensation claims payable	(414,574)	
Compensated absences	(4,023,403)	
Total OPEB liability	(112,590,862)	(131,582,599)
Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		(203,219)
Net Position - Governmental Activities		$ (70,643,367)

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds					
		Special Revenue Funds				
	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 60,084,353	$ -	$ -	$ -	$ -	$ 60,084,353
Other tax items	1,331,106	-	-	-	-	1,331,106
Charges for services	368,557	-	-	-	-	368,557
Use of money and property	51,245	-	278	-	-	51,523
State sources	4,670,774	191,421	3,465	-	-	4,865,660
Federal sources	40,287	358,131	27,617	-	-	426,035
Sales	-	-	754,518	-	-	754,518
Miscellaneous	496,009	-	7,836	-	-	503,845
Total revenues	67,042,331	549,552	793,714	-	-	68,385,597
EXPENDITURES						
Current -						
General support	6,980,448	-	525,714	-	-	7,506,162
Instruction	34,492,253	561,144	-	-	-	35,053,397
Pupil transportation	4,137,691	48,170	-	-	-	4,185,861
Community services	614	-	-	-	-	614
Employee benefits	13,796,755	-	34,366	-	-	13,831,121
Cost of sales	-	-	359,971	-	-	359,971
Capital outlay	-	-	-	-	2,387,214	2,387,214
Debt service -						
Principal	2,648,855	-	-	-	-	2,648,855
Interest	740,135	-	-	-	-	740,135
Total expenditures	62,796,751	609,314	920,051	-	2,387,214	66,713,330
Excess (deficiency) of revenues over (under) expenditures	4,245,580	(59,762)	(126,337)	-	(2,387,214)	1,672,267
OTHER FINANCING SOURCES (USES)						
Premium on obligations	37,802	-	-	-	-	37,802
Transfers in	19,633	59,762	-	-	2,135,000	2,214,395
Transfers out	(2,194,762)	-	-	-	(19,633)	(2,214,395)
Total other financing sources (uses)	(2,137,327)	59,762	-	-	2,115,367	37,802
Change in fund balance	2,108,253	-	(126,337)	-	(271,847)	1,710,069
Fund balance, beginning of year, as restated (see Note 17)	12,620,139	-	338,008	644,885	3,556,521	17,159,553
Fund balance, end of year	$ 14,728,392	$ -	$ 211,671	$ 644,885	$ 3,284,674	$ 18,869,622

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balance - Governmental Funds		$ 1,710,069
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:		
Capital outlay	$ 4,005,665	
Depreciation expense	(2,911,723)	1,093,942
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(412,837)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Repayment of bond principal	2,405,000	
Repayment of installment purchase debt payable	243,855	2,648,855
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Total OPEB liability	4,614,747	
Workers' Compensation claims payable	43,540	
Amortization of bond issue premiums and discounts, net	176,250	
Compensated absences payable	(280,714)	
Accrued interest costs	46,849	4,600,672
Changes in the amount of total OPEB liability deferred inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		(9,872,738)
Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Proportionate share of the net pension asset	3,169,557	
Deferred outflows of resources from pensions	(216,295)	
Proportionate share of the net pension liability	902,854	
Deferred inflows of resources from pensions	(4,437,480)	(581,364)
Change in Net Position - Governmental Activities		$ (813,401)

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Scholarship Trusts	Agency Funds
ASSETS		
Cash:		
Restricted	$ 31,524	$ 503,472
Total assets	$ 31,524	$ 503,472
LIABILITIES		
Extraclassroom activity balances	$ -	$ 166,241
Other liabilities	-	328,884
Due to governmental funds	-	8,347
Total liabilities	-	$ 503,472
NET POSITION		
Restricted:		
Endowment scholarships	31,524	
Total net position	31,524	
Total liabilities and net position	$ 31,524	

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Scholarship Trusts
ADDITIONS	
Contributions	$ 6,660
Investment earnings:	
Interest	82
Total additions	6,742
DEDUCTIONS	
Scholarships and awards	3,750
Total deductions	3,750
Change in net position	2,992
Net position, beginning of year	28,532
Net position, end of year	$ 31,524

The accompanying notes to financial statements are an integral part of this statement.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cold Spring Harbor Central School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting entity

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

The reporting entity of the District is based upon criteria set forth by GASB. 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 such criteria the District has determined there are no component units to be included within their reporting entity.

B. 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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

C. Joint venture

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

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

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 the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $2,231,023 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,387,408.

Financial statements for the BOCES are available from the BOCES administrative office.

E. Basis of presentation

1. District-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid (sources), intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund statements

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for educational programs.

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of District facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit 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.

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.

F. 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 property taxes, State aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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.

G. Property taxes

Real property taxes for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1st and April 1st. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District. Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30th, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

H. Restricted resources

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

I. 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 the transfer of expenditures and revenues to provide financing or other services.

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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 may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

J. 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 during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

K. Cash and cash equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization (if permitted by the District's policy).

L. Accounts receivable

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

M. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. 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 may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

N. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

O. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and building improvements	$ 15,000	Straight-line	20-40 years
Furniture and equipment	$ 2,000	Straight-line	5-20 years

P. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Q. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned revenues

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

S. Vested employee benefits - compensated absences

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

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

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

T. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The 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 (see Note 12 for more information).

U. 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 RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2018, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes. See Note 8 for additional disclosure regarding the District's outstanding short-term debt.

V. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

W. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

2. Restricted net position: 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.

3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

In the fund financial statements there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $15,751.

2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Unemployment Insurance

According to General Municipal Law §6-m, must be 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 the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Workers' Compensation

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions related to NYSERS. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement. This reserve is accounted for in the General Fund.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2018.

4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2018 were distributed as follows:

	General	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ 15,751	$ -	$ -	$ 15,751
Total nonspendable	-	15,751	-	-	15,751
Restricted:					
Capital	4,549,280	-	-	-	4,549,280
Employee Benefit Accrued Liability	3,649,463	-	-	-	3,649,463
Unemployment Insurance	275,081	-	-	-	275,081
Workers' Compensation	700,082	-	-	-	700,082
Retirement	2,134,415	-	-	-	2,134,415
Debt Service	-	-	644,885	-	644,885
District Improvements	-	-	-	3,284,674	3,284,674
Total restricted	11,308,321	-	644,885	3,284,674	15,237,880
Assigned:					
Appropriated for subsequent year's expenditures	550,000	-	-	-	550,000
Encumbrances	131,407	-	-	-	131,407
School Lunch Fund	-	195,920	-	-	195,920
Total assigned	681,407	195,920	-	-	877,327
Unassigned	2,738,664	-	-	-	2,738,664
Total	$14,728,392	$ 211,671	$ 644,885	$ 3,284,674	$18,869,622

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

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

3. Long-term debt transaction differences

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

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. NEW ACCOUNTING STANDARDS

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this statement had no impact on the governmental fund statements. The statement requires districts to report Other Postemployment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation resulted in a restatement of the District's beginning net position balance as required by the Statement. See Note 17 for financial statement impact of the implementation of this statement.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

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

The following supplemental appropriations occurred during the year:

Voter approved use of Capital Reserve	$ 1,435,000
Educational foundation donation	143,969
	$ 1,578,969

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2018.

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

Encumbrances

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

5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 23,181,208

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $12,706,933 within the governmental funds and $534,996 in the fiduciary funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. RECEIVABLES

Receivables at year end are as follows:

A. State and federal aid

State and federal aid receivables at June 30, 2018 consisted of the following:

General Fund:	
New York State Aid - excess cost aid	$ 89,544
Special Aid Fund:	
State and federal grants	220,296
School Lunch Fund:	
School breakfast and lunch reimbursement	2,418
	$ 312,258

B. Due from other governments

Due from other governments at June 30, 2018 consisted of the following:

General Fund:	
BOCES aid	$ 974,571
PILOT receivable	35,057
	$ 1,009,628

C. Property taxes

Property taxes receivable at June 30, 2018 consisted of the following:

General Fund:	
Town of Oyster Bay	$ 397,204

District management has deemed the amounts to be fully collectible.

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 125,075	$ -	$ -	$ 125,075
Construction-in-progress	3,896,475	2,193,186	(1,386,606)	4,703,055
Total nondepreciable assets	4,021,550	2,193,186	(1,386,606)	4,828,130
Capital assets that are depreciated:				
Buildings and building improvements	68,868,030	1,728,864	1,386,606	71,983,500
Furniture and equipment	1,893,305	83,615	-	1,976,920
Total depreciable assets	70,761,335	1,812,479	1,386,606	73,960,420
Less accumulated depreciation:				
Buildings and building improvements	37,086,629	2,776,529	-	39,863,158
Furniture and equipment	1,332,469	135,194	-	1,467,663
Total accumulated depreciation	38,419,098	2,911,723	-	41,330,821
Total capital assets, net	$ 36,363,787	$ 1,093,942	$ -	$ 37,457,729

Depreciation expense was charged to governmental functions as follows:

General support	$ 356,055
Instruction	2,551,980
Pupil transportation	3,688
	$ 2,911,723

8. SHORT-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/27/18 at 2.00%	$ -	$ 5,000,000	$ 5,000,000	$ -

Interest on short-term debt for the year was comprised of:

Interest paid/expense	$ 75,000

9. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	$ 13,165,000	$ -	$ 2,405,000	$ 10,760,000	$ 2,520,000
Unamortized bond discounts and premiums	881,246	-	176,250	704,996	176,250
Total bonds payable	14,046,246	-	2,581,250	11,464,996	2,696,250
Installment purchase debt payable	3,332,619	-	243,855	3,088,764	249,545
Workers' Compensation claims payable	458,114	-	43,540	414,574	41,457
Compensated absences	3,742,689	280,714	-	4,023,403	402,340
Total long-term liabilities	$ 21,579,668	$ 280,714	$ 2,868,645	$ 18,991,737	$ 3,389,592

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate the liabilities above.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2018
Refunding serial bonds	2011	2022	2.00 - 5.00%	$ 9,535,000
Refunding serial bonds	2015	2022	2.00 - 4.00%	1,225,000
				$ 10,760,000
Installment purchase debt	04/15/13	08/15/29	2.32%	$ 3,088,764

	Serial Bonds		Installment Purchase Debt		
	Principal	Interest	Principal	Interest	Total
June 30,					
2019	$ 2,520,000	$ 471,575	$ 249,545	$ 70,221	$ 3,311,341
2020	2,640,000	348,175	255,368	64,397	3,307,940
2021	2,745,000	239,738	261,327	58,439	3,304,504
2022	2,855,000	129,950	267,425	52,340	3,304,715
2023	-	-	273,666	46,100	319,766
2024-2028	-	-	1,467,147	131,680	1,598,827
2029	-	-	314,286	5,479	319,765
	$ 10,760,000	$ 1,189,438	$ 3,088,764	$ 428,656	$ 15,466,858

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

Interest paid	$ 665,135
Less interest accrued in the prior year	(250,068)
Plus interest accrued in the current year	203,219
Less amortization of premiums/discounts	(176,250)
Total interest expense	$ 442,036

10. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

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

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the NYSTRS and NYSERS for the current year and each of the two preceding years.

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year	NYSERS	NYSTRS
2018	$ 860,378	$ 3,222,083
2017	824,732	3,535,967
2016	1,013,701	4,542,025

Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2018, 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, 2017 for NYSTRS and March 31, 2018 for NYSERS. 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 NYSTRS and NYSERS Systems in reports provided to the District:

	NYSERS	NYSTRS
Measurement date	March 31, 2018	June 30, 2017
Net pension asset/(liability)	$ (508,303)	$ 1,318,683
District's portion of the Plan's total net pension asset/(liability)	0.01575%	0.17349%
Change in proportion since the prior measurement date	0.00073%	0.00068%

For the year ended June 30, 2018, the District recognized pension expense of $822,698 for NYSERS and $3,311,834 for NYSTRS. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Difference between expected experience and actual experience	$ 181,295	$ 1,084,952	$ (149,815)	$ (514,139)
Net difference between projected and actual earnings on pension plan investments	738,269	-	(1,457,269)	(3,105,880)
Changes of assumptions	337,047	13,417,856	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	539,626	7,157	(31,318)	(69,015)
Employer contributions subsequent to the measurement date	213,001	2,685,691	-	-
Total	$ 2,009,238	$ 17,195,656	$ (1,638,402)	$ (3,689,034)

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	NYSERS	NYSTRS
2019	$ 316,999	$ 301,667
2020	234,326	3,546,462
2021	(278,161)	2,536,912
2022	(115,329)	627,162
2023	-	2,529,521
Thereafter	-	1,279,207

Actuarial assumptions

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

	NYSERS	NYSTRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.00%	7.25%
Salary scale	3.80%	*Rates of increase differ based on service
Decrement tables	April 1, 2010 to March 31, 2015 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For NYSERS, 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 NYSTRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For NYSERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2018	March 31, 2018	June 30, 2017	June 30, 2017
Asset type				
Absolute return strategies	2.00%	3.75%	-	-
Bonds and mortgages	17.00%	1.31%	8.00%	2.80%
Cash	1.00%	(0.25%)	-	-
Domestic equity	36.00%	4.55%	35.00%	5.90%
Domestic fixed income	-	-	16.00%	1.60%
Global fixed income	-	-	2.00%	1.30%
High-yield fixed income	-	-	1.00%	3.90%
Inflation-indexed bonds	4.00%	1.25%	-	-
International equity	14.00%	6.35%	18.00%	7.40%
Opportunistic porfolio	3.00%	5.68%	-	-
Private equity	10.00%	7.50%	8.00%	9.00%
Real assets	3.00%	5.29%	-	-
Real estate	10.00%	5.55%	11.00%	4.30%
Short-term	-	-	1.00%	0.60%
	100.00%		100.00%	

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 7.0% for NYSERS and 7.25% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset (liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for NYSERS and 7.25% for NYSTRS, 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 (6.0% for NYSERS and 6.25% for NYSTRS) or 1 percentage point higher (8.0% for NYSERS and 8.25% for NYSTRS) than the current rate:

NYSERS	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension asset/(liability)	$ (3,845,954)	$ (508,303)	$ 2,315,217

NYSTRS	1% Decrease (6.25%)	Current assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset/(liability)	$ (22,717,002)	$ 1,318,683	$ 21,447,376

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	NYSERS	NYSTRS	Total
Valuation date	March 31, 2018	June 30, 2017	
Employers' total pension liability	$ 183,400,590	$ 114,708,261	$ 298,108,851
Plan net position	180,173,145	115,468,360	295,641,505
Employers' net pension asset/(liability)	$ (3,227,445)	$ 760,099	$ (2,467,346)
Ratio of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%	99.17%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the system in September, October and November 2017 through a State aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2018 amounted to $2,839,267.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2018 amounted to $233,298. Employee contributions are remitted monthly.

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 249,354	$ 2,779,517	$ 19,633	$ 2,194,762
Special Aid Fund	-	239,393	59,762	-
School Lunch Fund	9,362	-	-	-
Debt Service Fund	-	1,614	-	-
Capital Projects Fund	2,770,155	-	2,135,000	19,633
Fiduciary Funds	-	8,347	-	-
Totals	$ 3,028,871	$ 3,028,871	$ 2,214,395	$ 2,214,395

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

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

As part of the voter approved budget, the General Fund budgets for appropriations made to the Capital Projects Fund to help support ongoing projects within the District. The current year transfer to the Capital Projects Fund was originally budgeted for $700,000 and increased by a supplemental appropriation of $1,435,000 from the voter approved capital reserve fund.

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2016, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	275
Active plan members	292
Total plan members	567

B. Total OPEB liability

The District's total OPEB liability of $112,590,862 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.00%
Discount rate	3.62%
Healthcare cost trend rates	*Rates differ based as defined below
Retirees' share of benefit-related costs	0% to 25% of premium based on department and date hired

*As of the June 30, 2018 measurement date, the actuarial valuation uses healthcare cost trend rates as follows:

Pre-65 medical trend rate	7.00%
Post-65 Medicare advantage trend rate	6.00%
Prescription drug trend rate	10.25%
Medicare Part B trend rate	4.60%

The discount rate was based on the July 1, 2018 Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

C. Changes in the total OPEB liability

Balance as of June 30, 2017	$ 117,205,609
Changes for the year -	
Service cost	3,611,287
Interest	4,254,660
Change in assumptions or other inputs	(9,872,738)
Benefit payments	(2,607,956)
Net changes	(4,614,747)
Balance as of June 30, 2018	$ 112,590,862

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	1% Decrease (2.62%)	Current assumption (3.62%)	1% Increase (4.62%)
Total OPEB liability as of June 30, 2018	$ 135,197,964	$ 112,590,862	$ 95,299,502

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current discount rate as defined in the actuarial assumptions and other inputs above:

	1% Decrease*	Current assumption*	1% Increase*
Total OPEB liability as of June 30, 2018	$ 94,140,794	$ 112,590,862	$ 136,332,509

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $6,581,438. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from changes of assumptions of $9,872,738.

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

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Changes of assumptions	$ -	$ 9,872,738

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

For the year ended:	
2019	$ (1,284,509)
2020	(1,284,509)
2021	(1,284,509)
2022	(1,284,509)
2023	(1,284,509)
Thereafter	(3,450,193)

13. RISK MANAGEMENT

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

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

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. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal years ended June 30:				
2018	$ 458,114	$ -	$ 43,540	$ 414,574
2017	491,617	-	33,503	458,114
2016	238,121	371,496	118,000	491,617

The District has not purchased any annuity contracts.

14. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2018, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	$ 118,488
Instruction	12,919
	$ 131,407

Government grants

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

Library indebtedness

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and a bank, as trustee, in connection with issuance of $9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the trustee according to a time schedule established in the agreement. The annual debt service approximates $700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment. As of June 30, 2018, the remaining principal outstanding was of $4,175,000.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2017 at 1.26% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time. It is the opinion of the District's attorneys that this will not exceed insurance coverage.

15. LEASE COMMITMENTS

The District leases certain office equipment under the terms of various non-cancellable leases. Rental expense for the year ended June 30, 2018 was $116,912.

Minimum annual rentals for each of the remaining years of the leases are:

For the year ended:	
2019	$ 60,761
2020	57,321
2021	19,614
2022	8,160
2023	3,673
	$ 149,529

16. TAX ABATEMENTS

Nassau County and Suffolk County enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenues were reduced by $82,107 under agreements entered into by Nassau County. Of the amount reduced, $64,478, was collected via PILOT payments and $17,629 was abated from the District's property tax revenues.

17. PRIOR PERIOD ADJUSTMENTS

The District's financial statements for the year ended June 30, 2018 have been restated as of July 1, 2017 to give effect to the following:

	General Fund Fund Balance	District-wide Net Position
Balance as of July 1, 2017, as previously stated	$ 8,877,450	$ 2,442,872
GASB Statement No. 75 implementation: difference in total OPEB liability (calculated under GASB 75) and net OPEB liability (calculated under GASB 45)	-	(72,272,838)
Recognition of long-term obligation for compensated absences in fund balance	3,742,689	-
Balance as of July 1, 2017, as restated	$ 12,620,139	$ (69,829,966)

18. FUTURE ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 83	Certain Asset Retirement Obligations	June 30, 2019
Statement No. 87	Leases	June 30, 2021
Statement No. 88	Certain Disclosures Related To Debt, Including Direct Borrowings and Direct Placements	June 30, 2019
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2021

19. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 3, 2018, which is the date the financial statements were available to be issued, noting the following:

On September 26, 2018, the District issued a Tax Anticipation Note in the amount of $6,000,000. The note matures on June 27, 2019, and bears an interest rate of 3.00%.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Better (Worse)
REVENUES					
Local sources:					
Real property taxes	$ 61,338,444	$ 61,338,444	$ 60,084,353		$ (1,254,091)
Other tax items	62,095	62,095	1,331,106		1,269,011
Charges for services	299,000	299,000	368,557		69,557
Use of money and property	25,000	25,000	51,245		26,245
Miscellaneous	188,925	332,894	496,009		163,115
Total local sources	61,913,464	62,057,433	62,331,270		273,837
State sources	4,134,009	4,134,009	4,670,774		536,765
Federal sources	25,600	25,600	40,287		14,687
Total revenues	66,073,073	66,217,042	67,042,331		825,289
OTHER FINANCING SOURCES					
Premium on obligations	-	-	37,802		37,802
Interfund transfers	-	-	19,633		19,633
Appropriated reserves	835,425	2,270,425	-		(2,270,425)
Total revenues and other financing sources	66,908,498	68,487,467	67,099,766		(1,387,701)
EXPENDITURES					
General support:					
Board of Education	24,815	24,815	17,372	$ -	7,443
Central administration	333,933	332,933	333,532	-	(599)
Finance	889,938	895,983	798,518	44,950	52,515
Staff	618,425	613,085	486,581	-	126,504
Central services	5,205,843	5,227,518	4,870,503	73,538	283,477
Special items	481,518	481,518	473,942	-	7,576
Total general support	7,554,472	7,575,852	6,980,448	118,488	476,916
Instruction:					
Instruction, administration and improvement	2,417,956	2,378,247	2,274,705	-	103,542
Teaching - regular school	22,194,367	22,278,182	21,094,618	12,919	1,170,645
Programs for children with handicapping conditions	5,439,658	5,435,609	4,838,530	-	597,079
Teaching - special school	24,500	24,500	11,292	-	13,208
Instructional media	1,760,449	1,833,673	1,671,360	-	162,313
Pupil services	4,693,730	4,712,198	4,601,748	-	110,450
Total instruction	36,530,660	36,662,409	34,492,253	12,919	2,157,237
Pupil transportation	4,327,119	4,327,119	4,137,691	-	189,428
Community services	950	965	614	-	351
Employee benefits	14,379,519	14,370,344	13,796,755	-	573,589
Debt service:					
Principal	2,648,855	2,648,855	2,648,855	-	-
Interest	736,923	736,923	740,135	-	(3,212)
Total expenditures	66,178,498	66,322,467	62,796,751	131,407	3,394,309
OTHER FINANCING USES					
Interfund transfers	730,000	2,165,000	2,194,762	-	(29,762)
Total expenditures and other financing uses	66,908,498	68,487,467	64,991,513	$ 131,407	3,364,547
Net change in fund balance	$ -	$ -	2,108,253		$ 1,976,846
Fund balance, beginning of year			12,620,139		
Fund balance, end of year			$ 14,728,392		

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.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

Measurement date	June 30, 2018
Total OPEB Liability	
Service cost	$ 3,611,287
Interest	4,254,660
Changes of assumptions or other inputs	(9,872,738)
Benefit payments	(2,607,956)
Net change in total OPEB liability	(4,614,747)
Total OPEB liability - beginning of year	117,205,609
Total OPEB liability - end of year	$ 112,590,862
Covered payroll	$ 34,797,869
Total OPEB liability as a percentage of covered payroll	323.56%

Note to Required Supplementary Information

Ten years of historical information are not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow Districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	(A) 2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension liability	0.01575%	0.01502%	0.01630%	0.01625%	0.01624%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability	$ 508	$ 1,411	$ 2,616	$ 549	$ 734	N/A	N/A	N/A	N/A	N/A
District's covered payroll	$ 5,709	$ 5,394	$ 5,335	$ 5,135	$ 4,688	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	8.90%	26.16%	49.04%	10.69%	15.66%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	(A) 2018	(B) 2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension asset/(liability)	0.17349%	0.17281%	0.17249%	0.17199%	0.17385%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset/(liability)	$ 1,319	$ (1,851)	$ 17,916	$ 19,159	$ 1,144	N/A	N/A	N/A	N/A	N/A
District's covered payroll	$ 30,170	$ 34,254	$ 23,548	$ 18,554	$ 25,466	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset as a percentage of covered payroll	4.37%	-5.40%	76.08%	103.26%	4.49%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	100.66%	99.17%	110.46%	111.48%	100.70%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date

(B) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
Contractually required contribution	$ 860	$ 825	$ 1,014	$ 1,072	$ 946	$ 1,014	$ 882	$ 609	$ 413	$ 371
Contributions in relation to the contractually required contribution	860	825	1,014	1,072	946	1,014	882	609	413	371
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,526	$ 5,394	$ 5,335	$ 5,135	$ 4,688	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	15.57%	15.29%	19.01%	20.88%	20.18%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
Contractually required contribution	$ 3,222	$ 3,536	$ 4,542	$ 4,128	$ 3,015	$ 2,803	$ 2,151	$ 1,475	$ 1,877	$ 1,725
Contributions in relation to the contractually required contribution	3,222	3,536	4,542	4,128	3,015	2,803	2,151	1,475	1,877	1,725
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 32,878	$ 30,170	$ 34,254	$ 23,548	$ 18,554	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	9.80%	11.72%	13.26%	17.53%	16.25%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Change from adopted budget to final budget:

Original budget	$ 66,623,073	
Add: prior year encumbrances	285,425	
Adopted budget		$ 66,908,498
Add: Voter-approved use of Capital Reserve		1,435,000
Add: Educational foundation donation		143,969
Final budget		$ 68,487,467

§1318 of real property tax law limit calculation:

2018-2019 voter-approved budget		$ 68,466,684
Maximum allowed (4% of 2018-2019 budget)		$ 2,738,667
General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	$ 681,407	
Unassigned fund balance	2,738,664	$ 3,420,071
Less:		
Appropriated fund balance	550,000	
Encumbrances	131,407	681,407
General Fund fund balance subject to §1318 of real property tax law		$ 2,738,664
Actual percentage		4.0%

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

			Expenditures				Methods of Financing				
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2018
2013/14 Capital Improvement Plan											
Goosehill Case Work/HVAC/Security/Tanks	$ 211,450	$ 222,587	$ 222,587	$ -	$ 222,587	$ -	$ -	$ -	$ 222,587	$ 222,587	$ -
West Side Case Work/Security/Fuel Tanks	263,965	191,684	191,684	-	191,684	-	-	-	191,684	191,684	-
Lloyd Harbor Asphalt/Alarm/Main Office	670,133	726,034	726,034	-	726,034	-	-	-	726,034	726,034	-
High School Lot Drainage/HVAC/Security	404,452	320,859	320,859	-	320,859	-	-	-	320,859	320,859	-
High School Storage Building	50,000	138,836	6,545	-	6,545	132,291	-	-	138,836	138,836	132,291
2014/15 Capital Improvement Plan											
Goosehill Asbestos/Playground	234,000	240,000	239,902	-	239,902	98	-	-	240,000	240,000	98
West Side Ceilings and Condensate Pumps	145,366	178,566	176,319	621	176,940	1,626	-	-	178,566	178,566	1,626
Lloyd Harbor Condensate Pumps and Drywells	132,340	26,340	24,839	373	25,212	1,128	-	-	26,340	26,340	1,128
High School Asbestos/Science Rooms/Bathrooms	956,500	1,053,300	745,631	163,594	909,225	144,075	-	-	1,053,300	1,053,300	144,075
District Wide Rooftop Exhaust Fans	30,000	-	-	-	-	-	-	-	-	-	-
2015/16 Capital Improvement Plan											
Goosehill Building Shell Repairs	16,500	16,500	648	223	871	15,629	-	-	16,500	16,500	15,629
West Side Doors/Casework/Asbestos	289,870	229,870	145,744	64,378	210,122	19,748	-	-	229,870	229,870	19,748
Lloyd Harbor Art Room/Stage/Security	314,000	399,500	35,141	363,527	398,668	832	-	-	399,500	399,500	832
High School Flooring/Track/Art/Field House	945,774	1,166,274	491,822	626,516	1,118,338	47,936	-	-	1,166,274	1,166,274	47,936
District Wide Asbestos/Rooftop Fans/Doors	308,856	62,856	2,695	-	2,695	60,161	-	-	62,856	62,856	60,161
2016/17 Capital Improvement Plan											
Goosehill Parking Lots	330,736	180,736	13,867	66	13,933	166,803	-	-	180,736	180,736	166,803
West Side Septic System	375,000	532,273	21,453	69	21,522	510,751	-	-	532,273	532,273	510,751
Lloyd Harbor Playground Surface	55,130	85,130	15,228	-	15,228	69,902	-	-	85,130	85,130	69,902
High School Tennis Courts/Lockers/Gym Floors	1,239,134	1,201,861	55,320	1,102,958	1,158,278	43,583	-	-	1,201,861	1,201,861	43,583
2016/17 Smart Schools Bond											
District Wide Wire and Wireless Project	479,789	460,156	460,156	-	460,156	-	-	366,029	94,127	460,156	-
2017/18 Capital Improvement Plan											
Goosehill Bathrooms/Cafeteria	272,400	272,400	-	7,609	7,609	264,791	-	-	272,400	272,400	264,791
West Side Bathrooms/Kitchen/Casework	382,000	382,000	-	17,758	17,758	364,242	-	-	382,000	382,000	364,242
Lloyd Harbor Bathrooms/Music Rooms	595,600	595,600	-	23,542	23,542	572,058	-	-	595,600	595,600	572,058
High School Bathrooms/Drainage System	710,000	710,000	-	15,980	15,980	694,020	-	-	710,000	710,000	694,020
District Wide Security/Electric Panels	175,000	175,000	-	-	-	175,000	-	-	175,000	175,000	175,000
	$ 9,587,995	$ 9,568,362	$ 3,896,474	$ 2,387,214	$ 6,283,688	$ 3,284,674	$ -	$ 366,029	$ 9,202,333	$ 9,568,362	$ 3,284,674

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital assets, net		$ 37,457,729
Deduct:		
Short-term portion of bonds payable	$ 2,696,250	
Long-term portion of bonds payable	8,768,746	
Short-term portion of installment purchase debt payable	249,545	
Long-term portion of installment purchase debt payable	2,839,219	14,553,760
Net investment in capital assets		$ 22,903,969

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
TABLE OF CONTENTS

Independent Auditor's Report On Extraclassroom Activity Funds Financial Statements	60
Financial Statements:	
Statement Of Cash Receipts And Disbursements:	
High School	62
Note To Financial Statement	63

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM ACTIVITY FUNDS FINANCIAL STATEMENTS

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

We have audited the accompanying statement of cash receipts and disbursements of the various Extraclassroom Activity Funds of the Cold Spring Harbor Central School District (the "District") for the year ended June 30, 2018, and the related note to financial statement, which collectively comprise the financial statements of the District's Extraclassroom Activity Funds.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free from material misstatement.

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

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

Opinion

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Cold Spring Harbor Central School District for the year ended June 30, 2018 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of this financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Nawrocki Smith LLP

Melville, New York
October 3, 2018

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balances July 1, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
High School:				
Class of 2017	$ 3,189.93	$ -	$ 3,189.93	$ -
Class of 2018	4,224.04	29,734.72	32,405.82	1,552.94
Class of 2019	6,382.36	29,190.56	27,249.17	8,323.75
Class of 2020	1,533.00	2,233.00	2,007.56	1,758.44
Class of 2021	-	1,677.96	-	1,677.96
Amnesty International	-	366.60	240.00	126.60
Animal Rescue Club	319.17	744.00	528.51	534.66
Baking Club	237.12	86.00	-	323.12
Book Club	263.10	32.30	200.00	95.40
Cheerleaders	103.92	-	-	103.92
Drama Club	5,186.93	8,180.99	4,804.37	8,563.55
Environmental Club	297.39	-	-	297.39
Fashion Club	279.52	-	-	279.52
FLAG	815.00	-	-	815.00
French Club	1,596.14	3,844.86	4,018.08	1,422.92
Future Business Leaders - Other	332.37	-	-	332.37
Future Business Leaders - Store	320.32	6,728.00	4,491.50	2,556.82
Gay/Straight Alliance	1,201.50	99.60	47.58	1,253.52
History Club	250.47	-	-	250.47
Holocaust Project	553.86	-	-	553.86
International Club	6,171.92	3,209.87	4,339.49	5,042.30
Jr. High Student Organization	10,927.87	2,000.00	3,725.51	9,202.36
Knitting for the Needy	500.00	500.00	-	1,000.00
Literary Magazine	2,452.42	3,004.19	2,487.61	2,969.00
Locks of Love	6,930.37	1,477.60	1,000.00	7,407.97
Model United Nations	839.24	24,336.00	24,436.00	739.24
Musical Club (Jr. High)	7,469.01	16,888.85	13,611.64	10,746.22
Musical Club (Sr. High)	5,090.52	23,547.96	17,179.58	11,458.90
Natural Helpers	1,762.91	1,100.00	966.43	1,896.48
Newspaper	440.78	1,850.00	1,469.49	821.29
Outreach	62.03	-	-	62.03
Political Science Club	340.09	200.00	-	540.09
Recording Music Club (RMC)	885.99	-	-	885.99
RMC - Tri-M	3,832.00	8,160.12	6,629.23	5,362.89
Robotics Club	1,551.72	1,501.16	2,500.00	552.88
S.A.D.D.	211.42	-	211.42	-
S.W.W.A.T.: Other	676.57	263.92	-	940.49
Science Club	72.31	-	-	72.31
Spanish Club	2,747.70	3,140.00	3,230.74	2,656.96
Speech & Debate Club	15,368.39	8,625.00	11,879.94	12,113.45
Sr. High Art Club	3,722.66	820.00	902.91	3,639.75
Stock Market Club	-	1,012.00	76.37	935.63
Student Booster Club	572.25	42.90	150.00	465.15
Student Organization	27,254.08	8,389.16	8,525.70	27,117.54
Technology Club	7,274.24	7,656.09	7,351.77	7,578.56
Warhammer Club	196.46	-	48.72	147.74
Varsity Club	372.79	-	372.79	-
Vocal Chamber Ensemble	1,221.35	31.45	100.00	1,152.80
Yearbook (Jr. High)	4,186.98	13,383.56	14,455.45	3,115.09
Yearbook (Sr. High)	28,959.93	23,080.00	35,244.21	16,795.72
	$ 169,180.14	$ 237,138.42	$ 240,077.52	$ 166,241.04

The accompanying note is an integral part of this financial statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Cold Spring Harbor Central School District (the "District").

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement.

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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 of the
Cold Spring Harbor Central School District
Cold Spring Harbor, 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 fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2018, 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 3, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

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.

Melville, New York
October 3, 2018

Nawrocki Smith LLP

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

1. Extraclassroom Activity Funds - inactive clubs

   During our review of the Extraclassroom Activity Funds, we noted that there are several clubs with no activity during the year. Inactive clubs with small balances should either be closed or merged with other, larger activities.

   We recommend that the District review and evaluate any inactive clubs and merge the funds with other appropriate activities. In this manner, internal control over Extraclassroom Activity Funds may be enhanced.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

1. Capital asset reconciliation

   We recommended that the District establish procedures whereby all capital projects activity is reflected in the capital asset valuation listing.

   Status - We noted that this recommendation was in the process of being implemented.

2. Debt Service Fund/Reserve for Debt Service inactivity

   We recommended that the District establish a plan to utilize the cash reserve in the Debt Service Fund/Reserve for Debt Service.

   Status - We noted that this recommendation was in the process of being implemented.

3. Interfund transactions

   We recommended that all interfund accounts be fully repaid/cleared at some point in time, on an annual basis.

   Status - We noted that this recommendation was implemented.