PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2020

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 NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK
(the "District")

$10,000,000

TAX ANTICIPATION NOTES, 2020
(the "Notes")

Dated Date: November 17, 2020 Maturity Date: June 25, 2021

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 North Massapequa, New York, or as may be agreed upon with the purchaser(s) on or about November 17, 2020.

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 NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING" HEREIN).

PLAINEDGE UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

241 Wyngate Drive
North Massapequa, New York 11758
Telephone: 516/992-7462
Fax: 516/992-7447

BOARD OF EDUCATION

Catherine Flanagan, President
Raymond Paris, Vice President

Jennifer Maggio
Joseph Netto
Sisi Townson

Lynnda Nadien
Sonny Spagnuolo

Edward A. Salina, Jr., Ed.D., Superintendent of Schools
Peter Porrazzo, Assistant Superintendent for Business and Administration
Maureen Ryan, District Clerk
Maureen Judge, District Treasurer

School District Attorney

Ingerman Smith, L.L.P.
Hauppauge, New York

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

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

No person has been authorized by the Plainedge Union Free 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 Plainedge Union Free School District since the date hereof.

TABLE OF CONTENTS

TABLE OF CONTENTS - CONTINUED

Page

OFFICIAL STATEMENT

Relating to

PLAINEDGE UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

$10,000,000 TAX ANTICIPATION NOTES, 2020

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

THE NOTES

General

The $10,000,000 Tax Anticipation Notes, 2020 (the "Notes") will be general obligations of the District, 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 November 17, 2020, and will mature, without the right of redemption prior to maturity, on June 25, 2021 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: Assistant Superintendent for Business and Administration, Peter Porrazzo, Plainedge Union Free School District, 241 Wyngate Drive, North Massapequa, New York 11758, telephone number (516) 992-7462, email: peter.porrazzo@plainedgeschools.org.

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 2020-2021 fiscal year, which commenced on July 1, 2020, and pursuant to a tax anticipation note resolution that was adopted by the Board of Education on July 13, 2020. 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 an undertaking to provide notices of material events (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice 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 bond 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.

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.

“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 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
2015	12/09/2015	10/26/2015
2016	12/09/2016	11/08/2016
2017	11/29/2017	10/24/2017
2018	12/14/2018	12/03/2018
2019	12/12/2019	11/18/2019
2020[a]	N/A	10/28/2020

a. The Statement of Financial and Operating Information is expected to be filed in December.

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. The program applied beginning in the year 2016 and was fully phased in in 2018 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, cities, towns, villages 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 if authorized by state law. 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 in the southeastern section of Nassau County. The Massapequa School District borders the District on the south; the Farmingdale School District borders the District on the east; the Bethpage School District lies to the north; and the Town line between Oyster Bay and Hempstead borders the District on the west. Since the early 1950's the District has grown from a farming community to the point where virtual residential saturation has been achieved.

Train service in the area is provided by the central branch of the Long Island Railroad at Bethpage and in the southern section by the Montauk Division at Massapequa. The Southern State Parkway passes through the area as does Hempstead Turnpike. The Wantagh Parkway, the Seaford-Oyster Bay Expressway and other roads are readily accessible. There are several shopping centers in the District.

Police protection is provided by the County of Nassau and fire protection by local fire districts. The Bethpage, Massapequa and South Farmingdale Water Districts serve the area.

The commercial and light industrial assets of the District are located predominantly along Hempstead Turnpike. Substantial shopping facilities are also located along Hicksville Road (Route 107), the primary north/south road artery of the District.

District Organization

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

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, Deputy Superintendent, the Assistant Superintendents for Curriculum and Instruction, the Assistant Superintendent for Business and Administration, the School District Clerk and the District Treasurer.

Enrollment History

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

School Year	School Enrollment
2017	2,990
2018	2,920
2019	2,861
2020	2,812
2021	2,771

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2022	2,721
2023	2,671
2024	2,671

Source: District Officials.

District Facilities

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

Name of School	Grades	Date of Construction	Date of Last Addition	Capacity
John H. West School	Elementary	1949	1949	575
Eastplain School	Elementary	1954	2007	350
Charles E. Schwarting School	Elementary	1955	1963	575
Plainedge Middle School	Middle	1964	2004	850
Plainedge High School	Secondary	1957	2013	1500

Employees

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

Name of Union	Expiration Date of Contract	Approx. No. of Members
Plainedge Federation of Teachers	06/30/2024	283
Plainedge Principals & Assistant Principals Association	06/30/2023	17
New York State Nurses Association	06/30/2022	5
PFT on Behalf of Plainedge Teaching Assistants	06/30/2025	47
Plainedge Educational Secretaries Association	06/30/2025	30
Civil Service Employees Association/ Custodial	06/30/2021	44
CSEA Driver Association	06/30/2022	39
Plainedge Cafeteria Employees Association	06/30/2024	18
Plainedge Aides/Monitors	06/30/2022	67

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the District.

Year	District
2000	20,330
2011	20,405
2014	20,087
2016	19,036
2018	20,223

Source: U.S. Bureau of the Census.

Income Data

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

	Per Capita Money Income			
	1990	2000	2010	2018[a]
District	-	-	$35,029	$45,924
County of Nassau	$23,352	$32,151	40,912	53,405
State of New York	16,501	23,389	30,791	41,857

	Median Household Income			
	1990	2000	2010	2018[a]
District	-	-	$101,352	$121,364
County of Nassau	$54,283	$72,030	93,613	118,453
State of New York	32,985	43,393	55,603	72,108

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2014-2018)

Unemployment Rate Statistics

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

Annual Averages:	Town of Oyster Bay	Nassau County	New York State
2015	4.2	4.3	5.5
2016	3.7	3.9	4.8
2017	3.9	4.1	4.7
2018	3.3	3.5	4.1
2019	3.2	3.4	4.0
2020 (8 Month Average)[a]	9.0	9.5	10.7

Source: Department of Labor, State of New York

a. Unemployment rates dramatically increased throughout the State due to the COVID-19 pandemic.

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.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Computation of Debt Limit and Debt Contracting Margin
(As of October 28, 2020)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Oyster Bay (2019-2020)[a]	$5,363,841	0.22%	$2,438,109,545
Debt Limit - 10% of Full Valuation			$243,810,955
Inclusions:[b]			
Outstanding Bonds			$4,490,000
Bond Anticipation Notes			0
Total Indebtedness			4,490,000
Exclusions (Estimated Building Aid)[c]			2,487,460
Total Net Indebtedness			2,002,540
Net Debt Contracting Margin			$241,808,415
Per Cent of Debt Contracting Margin Exhausted			0.82%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax Anticipation Notes, Energy Performance Lease Financings ("EPLs") and Revenue Anticipation Notes are not included in this computation of the debt contracting margin of the District. EPLs do count toward the debt limit but are not general obligation debt. See "Debt Service Requirements – Energy Performance Contract," herein.
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:

	2016	2017	2018	2019	2020
Bonds	$19,080,000	$15,720,000	$12,305,000	$8,745,000	$5,050,000
BANs	-	-	-	-	-
Other	6,056,135	5,680,053	5,293,558	4,896,362	4,488,167
Total	$25,136,135	$21,400,053	$17,598,558	$13,641,362	$9,538,167

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	$3,850,000	$178,900	$4,028,900
2022	1,200,000	24,000	1,224,000
	$5,050,000	$202,900	$5,252,900

a. Does not include payments made to date.

Debt Service Requirements – Energy Performance Contract Financing[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	$419,497	$120,560	$540,057
2022	431,112	108,945	540,057
2023	443,050	97,007	540,057
2024	455,317	84,740	540,057
2025-2029	2,472,825	227,462	2,700,287
2030	266,362	3,663	270,025
	$4,488,167	$642,377	$5,130,544

a. Does not include payments made to date.

Operating Leases[a]

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was $78,704 for the year ended June 30, 2020. The following is summary of future obligations under these purchase agreements:

Fiscal Year Ending June 30:	Amount
2021	$ 72,559
2022	71,145
2023	61,426
	$205,130

a. Does not reflect payments made to date.

Tax Anticipation Notes

The District has not found it necessary to borrow in anticipation of taxes, which borrowing would be necessitated by the schedule of real property tax payments in recent years until this financing.

The District has not found it necessary to borrow on revenue anticipation notes, budget notes or deficiency notes in the contemporary past. While the District does not reasonably expect to do so in the current fiscal year, it is possible that delays or reductions in State Aid could require such borrowings (See “State Aid,” herein).

Authorized and Unissued Debt

As of the date of this Official Statement, the District does not have any authorized and unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Nassau	06/30/2020	1.18	$42,037,960	$35,755,593
Town of Oyster Bay	08/11/2020	4.48	31,225,803	23,735,218
Bethpage Fire District	12/31/2019	60.00	0	0
North Massapequa Fire District	12/31/2019	20.00	0	0
Totals			$73,263,763	$59,490,811

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

Debt Ratios
(As of October 28, 2020)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$4,490,000	$222	0.184
Net Direct Debt	2,002,540	99	0.082
Total Direct & Applicable Total Overlapping Debt	77,753,763	3,845	3.189
Net Direct & Applicable Net Overlapping Debt	61,493,351	3,041	2.522

a. The current population of the District is 20,223.
b. The full valuation of taxable property is $2,438,109,545.

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, 2020. 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. Due to the COVID-19 outbreak, the 2020-2021 budget vote and receipt of ballots was postponed until June 16, 2020 and was approved by the voters on such date. Summaries of the District's Adopted Budgets for the fiscal years 2019-2020 and 2020-2021 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 annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

State 2019-2020 Budget. The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Enacted Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan repaired by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

State 2020-2021 Budget. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See "Event Affecting New York School Districts" herein).

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State. On August 13, 2020, the NYSDOB issued its first quarterly update to the Financial Plan (the "Updated Financial Plan") which noted that the DOB began withholding 20% of most local aid payments in June due to the absence of Federal action. A-3 Depending on the size and timing of any new Federal aid, all or a portion of such withholds may become permanent reductions. In July of 2020, the DOB began approving 80% of the scheduled amounts of General Support for Public Schools payments to school districts. The Updated Financial Plan includes $8.2 billion in recurring local aid reductions and that, in the absence of unrestricted Federal aid, the DOB will continue to withhold a range of payments through the second quarter of the State's 2021 fiscal year.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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

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

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

After further litigation in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

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.

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 a $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase includes $100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. Further information may be obtained at the official website of the New York State Divisions of Budget and the New York State Education Department.

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 provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, 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 continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

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

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

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 was a negative number (funds that were deducted from the State aid originally due to the District under State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequent State budgets decreased the amount of the GEA deduction and the State's 2016-2017 Budget eliminated the remaining balance of the GEA.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is $1,693,869.

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 District's 2020-2021 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 2016 through 2020, and the 2021 budgeted amounts.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2016	$83,326,055	$16,614,947	19.94
2017	87,514,219	19,289,981	22.04
2018	88,128,437	20,060,081	22.76
2019	98,054,812	20,190,511	20.59
2020	91,700,567	21,018,083	22.92
2021 (Budgeted)	92,707,430	20,355,284	21.96

Source: Audited Financial Statements of the District and Adopted Budget of the District. Table itself not audited.

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: 6.7% and Environmental Score: 0.0%). 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 January 12, 2018. The purpose of the audit was to evaluate the District's financial condition and extra-classroom activity (ECA) funds for the period July 1, 2015 through February 28, 2017. The complete report, together 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.

Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in the 2018-2019 fiscal year.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the budgeted amounts for the fiscal year 2021.

Fiscal Year Ending June 30:	TRS	ERS
2016	$4,985,480	$1,088,212
2017	4,516,967	987,977
2018	3,709,782	965,202
2019	4,104,720	902,876
2020	3,525,769	1,047,800
2021 (Budgeted)	4,083,701	1,276,093

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.

The District's total OPEB liability at June 30, 2020 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2020:
Balance as of June 30, 2019	$93,638,980
Changes for the year:	
Service Cost	3,888,865
Interest	3,371,055
Changes in benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions or other inputs	19,275,965
Benefit payments	(2,444,945)
Total Changes	$24,090,940
Total OPEB liability as of June 30, 2020	$117,729,920

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

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

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the District's General Fund revenue comprised of real property taxes for each of the fiscal years 2016 through 2020, and for the 2021 budget.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2016	$83,326,055	$52,543,922	63.06
2017	87,514,219	53,739,119	61.41
2018	88,128,437	54,001,290	61.28
2019	98,054,812	55,215,994	56.31
2020	91,700,567	57,366,561	62.56
2021 (Budgeted)	92,707,430	58,780,775[a]	63.40

a. Budgeted property taxes do not include estimated STAR amount of approximately $8,900,000.

Tax Collection Procedure

Property taxes for the District 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 the District amounts as collected each month from October to June.

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 District taxes with the County. The County thereafter pays to the District the amount of its uncollected taxes. Thus, the District receives its full levy.

As a result of the COVID-19 pandemic, in certain counties in New York State during the 2019-2020 fiscal year, the deadline to pay school district property taxes, without interest or penalty, was extended. No assurance can be given that similar extensions with respect to the deadlines to pay school district property taxes, without interest or penalty, may occur during the 2020 -2021 fiscal year. Any such extensions may result in a delay in the receipt of taxes collected and paid to school districts.

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 17% of the District's 2019-2020 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 17% of the District's 2020-2021 school tax levy is expected to be exempted by the STAR program. (See *"State Aid"* herein).

Valuations, Rates Levies and Collections

	2016	2017	2018	2019	2020
Assessed Valuation	$6,322,175	$5,942,937	$5,694,826	$5,588,059	$5,363,841
Equalization Rate	0.26%	0.26%	0.26%	0.24%	0.22%
Full Valuation	$2,431,605,769	$2,285,745,000	$2,190,317,692	$2,328,357,917	$2,438,109,545
Real Property Tax Levy[b]	$52,543,922	$53,739,119	$53,874,362	$55,279,615	$57,256,328
PILOT	1,287,755	1,291,574	1,275,000	1,350,607	1,377,619
Tax Rate per $100 Assessed Valuation					
Class 1	$1,188.46	$1,254.71	$1,303.27	$1,394.91	$1,484.98
Class 2	38.66	39.46	39.58	40.31	48.24
Class 3	950.82	850.99	889.72	883.48	848.91
Class 4	415.30	483.96	512.63	473.17	480.35

a. Represents most recent assessed valuation for which Equalization Rate has been established.
b. Net of STAR, consists of real property tax receipts based on audited financials.

Selected Listing of Large Taxable Properties
2020 Assessment Roll

Name	Type	Assessed Valuation
AVR Massapequa LLC	Shopping Center	$160,847
Keyspan Gas East Corp.	Utility	92,434
SIB Realty Co. LLE & Winter Realty	Real Estate	61,112
Crescent Associates LLC	Commercial	48,060
CCP/Shurgard Venture LLC	Commercial	47,924
North Massapequa LLC	Commercial	46,225
Cooper Realty II LLC	Real Estate	38,506
Massapequa Delaware LLC.	Commercial	36,280
Public Storage	Storage Facility	35,965
M&B Building Owners	Commercial	31,550
850 Hicksville Road LLC	Commercial	28,923
KIMCO Massapequa 1338 Inc.	Real Estate	28,465
Midlawn Shopping Center	Shopping Center	26,790
	Total[a]	$683,081

a. Represents 12.73% of the total assessed valuation of the District for 2019-20.
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.

Child Victim's Act Claims – Two separate lawsuits have been commenced against the District under the Child Victim's Act. In each lawsuit, the plaintiff alleges instances of sexual assault by a former District employee. The District denies all allegations and liability in each lawsuit. The District's insurer is currently handling these claims. Should the plaintiffs be successful in their actions against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through budgetary appropriations or through the issuance of bonds.

RISK FACTORS
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.

IMPACTS OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

The District has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to hiring additional personnel and for cleaning supplies and equipment, the aggregate cost of which total approximately $2,000,000-$4,000,000. The District has paid such costs from budgetary appropriations and/or available funds. The District's State Aid for the 2019-2020 school year has been reduced and the District also expects a reduction of up to 20% in State aid during the 2020-2021 fiscal year. The District does not believe that the increased costs or the potential reductions in State aid described above will have a material adverse impact on the finances of the District. See also "*State Aid*" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 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 forms of opinions 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 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.

Future 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 form attached hereto as Appendix C.

RATING

The Notes are not rated. Moody's Investors Service Inc. has assigned a rating of "Aa2" 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 judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

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 Assistant Superintendent for Business and Administration, Peter Porrazzo, Plainedge Union Free School District, 241 Wyngate Drive, North Massapequa, New York 11758, telephone number (516) 992-7462, email: peter.porrazzo@plainedgeschools.org, 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 Plainedge Union Free School District.

By: ______________________________

By: s/s CATHERINE FLANAGAN
President of the Board of Education
Plainedge Union Free School District

Dated: October , 2020

PLAINEDGE UNION FREE SCHOOL DISTRICT

APPENDIX A

FINANCIAL INFORMATION

PLAINEDGE UNION FREE SCHOOL DISTRICT

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

	2016	2017	2018	2019	2020
REVENUES					
Real Property Taxes	$ 52,543,922	$ 53,739,119	$ 54,001,290	$ 55,215,994	$ 57,366,561
Other Tax Items	12,162,659	11,879,141	11,824,708	11,524,008	10,328,540
Charges for Services	1,040,663	1,287,420	1,160,977	2,462,352	2,114,958
Use of Money and Property	134,951	147,854	182,521	173,065	292,705
Sale of Property & Comp. for Loss	21,072	554,808	525,613	6,255,936	5,889
Miscellaneous	807,841	595,966	319,729	565,403	525,533
State Sources	16,614,947	19,289,981	20,060,081	20,190,511	21,018,083
Medicaid Reimbursement	0	19,930	53,518	67,543	48,298
Total Revenues	83,326,055	87,514,219	88,128,437	96,454,812	91,700,567
EXPENDITURES					
General Support	8,880,136	8,341,361	9,050,666	10,193,493	9,188,332
Instruction	46,904,038	49,987,673	49,480,155	49,451,084	49,414,597
Pupil Transportation	2,739,423	2,566,510	2,535,012	2,740,157	2,400,487
Community Services			1,013	573,527	387,888
Employee Benefits	17,615,820	17,514,731	17,558,539	22,061,517	17,281,636
Debt Service	0	0	0	0	0
Total Expenditures	76,139,417	78,410,275	78,625,385	85,019,778	78,672,940
Excess (Deficiency) of Revenues over Expenditures	7,186,638	9,103,944	9,503,052	11,435,034	13,027,627
OTHER SOURCES AND USES					
Operating Transfers In				1,600,000	
Operating Transfers (Out)	(11,356,757)	(8,145,581)	(8,935,413)	(11,064,361)	(14,826,597)
Total Other Sources (Uses)	(11,356,757)	(8,145,581)	(8,935,413)	(9,464,361)	(14,826,597)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(4,170,119)	958,363	567,639	1,970,673	(1,798,970)
Fund Equity - Beginning of Year	36,075,349	31,905,230	32,863,593	33,431,232	35,401,905
Fund Equity - End of Year	$ 31,905,230	$ 32,863,593	$ 33,431,232	$ 35,401,905	$ 33,602,935

Source: Audited Financial Reports of the District (2016-2020)
Note: This schedule NOT audited

BALANCE SHEET
General Fund

Fiscal Year Ending June 30:	2019	2020
Assets:		
Cash		
Unrestricted	$ 4,498,407	$ 11,930,954
Restricted	28,261,816	23,503,493
Receivables		
Accounts Receivable	5,649,523	522
Taxes Receivable	915,608	1,659,647
Due from Other Funds	672,582	521,906
Due From State and Federal	666,969	504,204
Due from Other Governments	1,627,115	2,505,336
Total Assets	$ 42,292,020	$ 40,626,062
Liabilities:		
Accounts Payable	$ 1,844,886	$ 2,486,666
Accrued Liabilities	238,804	64,547
Due To Other Funds	1,131	
Due to Teachers' Retirement System	4,281,769	3,720,241
Due to Employees' Retirement System	289,546	294,572
Compensated Absences Payable	135,546	88,652
Collections in Advance	98,433	8,296
Deferred Inflows of Resources		360,183
Total Liabilities	6,890,115	7,023,157
Fund Balances:		
Restricted:		
Workers' Compensation	1,023,899	1,077,406
Unemployment Insurance	1,129,503	1,183,372
Retirement Contribution	6,374,116	6,798,039
Employee Benefit Accrued Liability	3,741,112	3,826,514
Capital	15,359,939	10,618,162
Assigned:		
Appropriated Fund Balance	3,261,516	3,546,838
Unappropriated Fund Balance	696,786	652,432
Unassigned:Fund Balance	3,815,034	5,900,172
Total Fund Balances	35,401,905	33,602,935
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 42,292,020	$ 40,626,092

Source: Audited Financial Reports of the District (2019-2020)
Table itself is not audited.

BUDGET SUMMARIES
General Fund

	Fiscal Year Ending June 30:		
Revenues:	2019	2020	2021
Real Property Taxes	$ 65,383,894	$ 66,201,594	$ 67,680,775
PILOT	1,350,607	1,377,619	1,405,171
Other Revenue	7,275,425	7,456,516	8,063,038
State Sources	19,842,054	20,340,089	20,355,284
Total Revenues	$ 93,851,980	$ 95,375,818	$ 97,504,268
Expenditures:			
General Support	$ 10,495,530	$ 10,548,607	$ 10,875,938
Instruction	53,214,705	54,770,489	55,833,171
Pupil Transportation	3,235,591	3,335,799	3,422,766
Community Service	526,550	777,900	813,100
Employee Benefits	21,183,546	20,665,265	21,285,335
Debt Service	50,000	50,000	50,000
Interfund Transfers	5,146,058	5,227,758	5,223,958
Total Expenditures	$ 93,851,980	$ 95,375,818	$ 97,504,268

Source: Adopted Budgets of the District

PLAINEDGE UNION FREE SCHOOL DISTRICT

APPENDIX B

CASH FLOW SUMMARIES

PLAINEDGE UNION FREE SCHOOL DISTRICT

CASH FLOW ACTUAL 2019-2020 (000's)[a]

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	5,131	7,093	6,278	3,317	2,665	10,668	9,506	11,951	6,025	8,795	9,010	20,633	5,131
Receipts													
Property Taxes		916		2,000	20,500	4,000				6,000	17,250	8,512	59,178
PILOT					415							968	1,383
Star Aid							8,945						8,945
State Aid	26	355	3,905	111	111	1,018	111	111	8,819			2,003	16,570
Other Receipts	6,292	374	206	386	403	385	254	277	327	230	665	699	10,498
Transfer from Other Funds				3,000								462	3,462
Transfer from Reserves												3,765	3,765
NYS Aid due to Other Funds		522											522
Note Proceeds													0
Total Receipts	6,318	2,167	4,111	5,497	21,429	5,403	9,310	388	9,146	6,230	17,915	16,409	104,323
Disbursements													
Salary and Benefits	1,153	935	4,322	4,442	4,620	4,373	4,476	4,409	4,513	4,334	4,384	9,981	51,942
Services and Supplies	3,203	1,473	2,228	1,106	4,450	1,664	2,049	1,882	1,863	1,429	1,252	2,361	24,960
Library					856	152	340			228	656	385	2,617
Debt Service		574		601		376		23		24		2,966	4,564
Transfer to Other Funds			522		3,500							9,420	13,442
Total Disbursements	4,356	2,982	7,072	6,149	13,426	6,565	6,865	6,314	6,376	6,015	6,292	25,113	97,525
Balance	7,093	6,278	3,317	2,665	10,668	9,506	11,951	6,025	8,795	9,010	20,633	11,929	11,929
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Any extensions granted to pay school district property taxes, without interest or penalty, may impact the anticipated timing of the receipt of property taxes by the District. See “Tax Collection Procedure" for more information.

PLAINEDGE UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTION 2020-2021 (000's)[a]
(Actual through September)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	11,929	7,725	7,573	2,806	132	689	16,071	22,382	16,390	15,602	14,677	23,724	11,929
Receipts													
Property Taxes		1,660			2,070	21,190	4,130			6,200	17,830	8,794	61,874
PILOT						425						980	1,405
Star Aid							8,950						8,950
State Aid Prior Year	419	413		1,037									1,869
State Aid			2,616	217	142	1,091	170	157	5,378			1,745	11,516
Other Receipts	294	123	345	297	253	289	249	245	255	260	347	119	3,076
Loan from Reserve Funds				2,500									2,500
TAN Proceeds					10,000								10,000
Total Receipts	713	2,196	2,961	4,051	12,465	22,995	13,499	402	5,633	6,460	18,177	11,638	101,190
Disbursements													
Salary and Benefits	850	829	4,422	4,655	4,877	4,415	4,519	4,583	4,609	4,632	4,743	11,089	54,223
Services and Supplies	4,067	930	3,306	2,070	3,834	2,071	2,173	1,799	1,812	2,518	2,493	3,944	31,017
Library					78	803	496			235	676	371	2,659
Debt Service		583			619	324		12			12	3,019	4,569
Transfer to Other Funds		6											6
Transfer to Reserves					2,500								2,500
TAN Principal Repayment											1,206	8,794	10,000
TAN Interest Repayment												50	50
Total Disbursements	4,917	2,348	7,728	6,725	11,908	7,613	7,188	6,394	6,421	7,385	9,130	27,267	105,024
Balance	7,725	7,573	2,806	132	689	16,071	22,382	16,390	15,602	14,677	23,724	8,095	8,095
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	1,206	0
Receipts	0	0	0	0	0	0	0	0	0	0	1,206	8,794	10,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	10,000	10,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	1,206	0	0

a. Any extensions granted to pay school district property taxes, without interest or penalty, may impact the anticipated timing of the receipt of property taxes by the District. See “Tax Collection Procedure" for more information.

PLAINEDGE UNION FREE SCHOOL DISTRICT

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION
(NOTES)

November 17, 2020

Plainedge Union Free School District,
County of Nassau,
State of New York

Re: Plainedge Union Free School District, Nassau County, New York
$10,000,000 Tax Anticipation Notes, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $10,000,000 Tax Anticipation Note, 2020 (the "Obligation"), of the Plainedge Union Free School District, Nassau County, New York (the "Obligor"), dated November 17, 2020, numbered , of the denomination of $10,000,000, bearing interest at the rate of % per annum, payable at maturity, and maturing June 25, 2021.

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

PLAINEDGE UNION FREE SCHOOL DISTRICT

APPENDIX D

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

PLAINEDGE UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Plainedge Union Free School District
North Massapequa, 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 Plainedge Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Plainedge Union Free School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 54 through 58 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plainedge Union Free School District's basic financial statements. The other supplementary information on pages 59 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the Plainedge Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plainedge Union Free School 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 Plainedge Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 30, 2020

The Plainedge Union Free School District's (District) discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

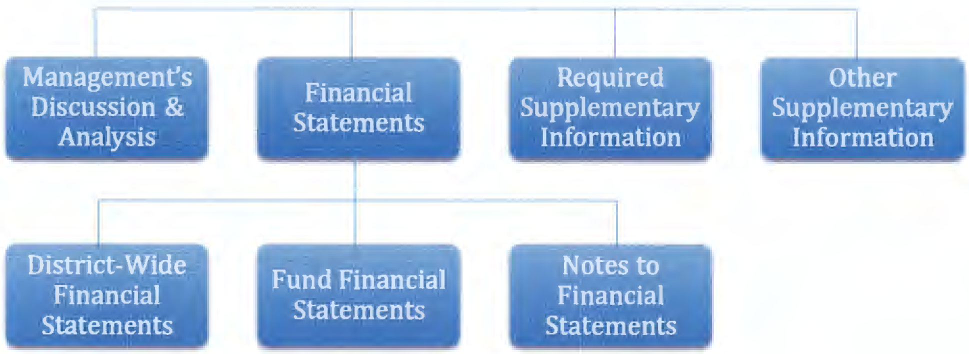
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by $1,516,263. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $95,646,723. Of this amount, $4,184,361 was offset by program charges for services and operating grants. General revenues of $89,946,099 amount to 95.6% of total revenues, and were not adequate to cover the balance of program expenses.
- On the balance sheet, the general fund total fund balance is $33,602,935. This represents a $1,798,970 decrease from the prior year. This decrease was created by expenditures and other financing uses in excess of revenues using the current financial resources measurement focus and the modified accrual basis of accounting.
- On May 19, 2015, the voters approved capital reserve II. The reserve has a funding cap of $25,000,000 over 10 years, and provides for annual funding of an amount not to exceed $2,500,000. This reserve has been funded by the District in the amount of $20,686,404 and has earned interest of $53,314 through June 30, 2020. To date, the voters approved to expend $18,228,556 from the reserve for capital projects, including $3,336,147 for projects as approved by the voters on June 9, 2020 under Proposition 2. The reserve balance in the general fund is $2,511,162.
- On May 15, 2018, the voters approved capital reserve III. The reserve has a funding cap of $15,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed $2,500,000. This reserve has been funded by the District in the amount of $7,654,881 and has earned interest of $63,985 through June 30, 2020. The voters on June 9, 2020, under Proposition 3, approved to expend $598,230 from the reserve for capital projects, for a to date authorized expenditure amount of $2,833,230. The reserve balance in the general fund is $4,885,636.
- On May 21, 2019, the voters approved capital reserve IV. The capital reserve – facilities upgrade has a funding cap of $25,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed $2,500,000. As part of the voter approval, the reserves will be funded from net proceeds from the liquidation of split dollar life insurance policies owned by the Board of Education not to exceed $2,500,000, unspent bond proceeds and interest remaining in the debt service fund not to exceed $1,700,000, and from surplus monies remaining in unreserved undesignated fund balance in the general fund in an annual amount not to exceed $5,000,000 each year. This reserve has been funded by the District in the amount of $8,700,000 and has earned interest of $21,364 through June 30, 2020. The voters on June 9, 2020, under Proposition 2, approved to expend $5,500,000 from the reserve for capital projects. The reserve balance in the general fund is $3,221,364.
- The District's 2020 property tax levy of $66,201,594 was a 1.50% increase over the 2019 tax levy. The District's property tax cap was 2.31%.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by $1,516,263 between fiscal year 2019 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2020	2019	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 58,900,683	$ 52,348,238	$ 6,552,445	12.52 %
Capital Assets, Net	72,990,624	73,043,387	(52,763)	(0.07)%
Net Pension Asset - Proportionate Share	6,026,756	4,274,474	1,752,282	40.99 %
Total Assets	137,918,063	129,666,099	8,251,964	6.36 %
Deferred Outflows of Resources	47,707,324	32,596,398	15,110,926	46.36 %
Liabilities				
Current and Other Liabilities	7,306,949	7,334,525	(27,576)	(0.38)%
Long-Term Liabilities	14,923,296	18,539,693	(3,616,397)	(19.51)%
Net Pension Liability - Proportionate Share	6,231,948	1,641,333	4,590,615	279.69 %
Total OPEB Obligation	117,729,920	93,638,980	24,090,940	25.73 %
Total Liabilities	146,192,113	121,154,531	946,642	20.67 %
Deferred Inflows of Resources	22,103,446	22,261,875	(158,429)	(0.71)%
Net Position				
Net Investment in Capital Assets	63,452,457	59,402,025	4,050,432	6.82 %
Restricted	40,518,842	36,843,670	3,675,172	9.98 %
Unrestricted (deficit)	(86,641,471)	(77,399,604)	(9,241,867)	11.94 %
Total Net Position	$ 17,329,828	$ 18,846,091	$ (1,516,263)	(8.05)%

The increase in current and other assets is primarily due to increases in the District's cash, taxes receivable, and due from other governments, offset by decreases in accounts receivable and due from state and federal.

The decrease in capital assets, net is the result of depreciation in excess of ongoing capital improvement projects. The accompanying Notes to Financial Statements, Note 9 "Capital Assets," provides additional information.

Net pension asset - proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, as well as deferred charges from a bond refunding that is being amortized over the remaining term of the bonds.

The decrease in current and other liabilities is primarily related to decreases in accrued liabilities, due to teachers' retirement system, collections in advance, and compensated absences payable, offset by an increase in accounts payable.

The decrease in long-term liabilities is due to repayments of the current maturities of debt, offset by the increase in compensated absences and workers' compensation liability.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) obligation increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount represents the District's reserves. This number increased over the prior year due to funding of reserves and interest earnings in excess of reserve funds used primarily for capital projects.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB obligation. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements School Tax Relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 2,547,180	$ 3,102,867	$ (555,687)	(17.91)%
Operating Grants	1,637,181	1,685,095	(47,914)	(2.84)%
Capital Grants		746,268	(746,268)	(100.00)%
General Revenues				
Property Taxes and STAR	66,311,827	65,320,273	991,554	1.52 %
State Sources	21,378,266	20,190,511	1,187,755	5.88%
Other	2,256,006	8,485,577	(6,229,571)	(73.41)%
Total Revenues	94,130,460	99,530,591	(5,400,131)	(5.43)%
Expenses				
General Support	11,828,944	11,450,267	378,677	3.31 %
Instruction	78,780,398	75,291,083	3,489,315	4.63 %
Pupil Transportation	3,309,562	3,477,536	(167,974)	(4.83)%
Community Services	588,586	839,894	(251,308)	(29.92)%
Debt Service - Interest	380,584	477,432	(96,848)	(20.29)%
Food Service Program	758,649	816,728	(58,079)	(7.11)%
Total Expenses	95,646,723	92,352,940	3,293,783	3.57 %
Change in Net Position	$ (1,516,263)	$ 7,177,651	$ (8,693,914)	(121.12)%

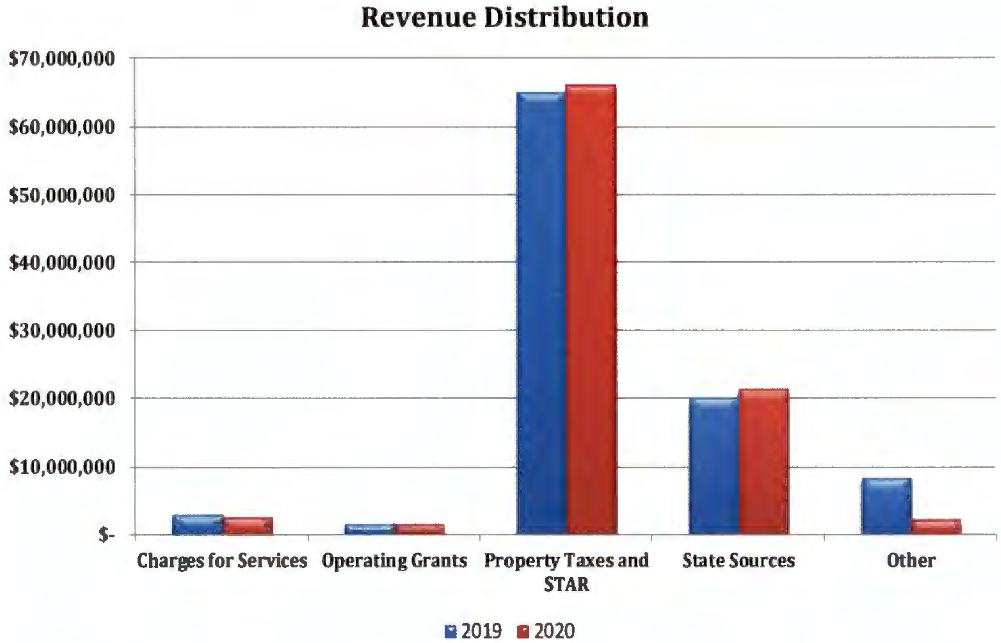
Net position decreased by $1,516,263 for the year ended June 30, 2020 and increased by $7,177,651 for the year ended June 30, 2019, respectively.

The District's revenues decreased by $5,400,131 or 5.43%. The major factors that contributed to the decrease were:

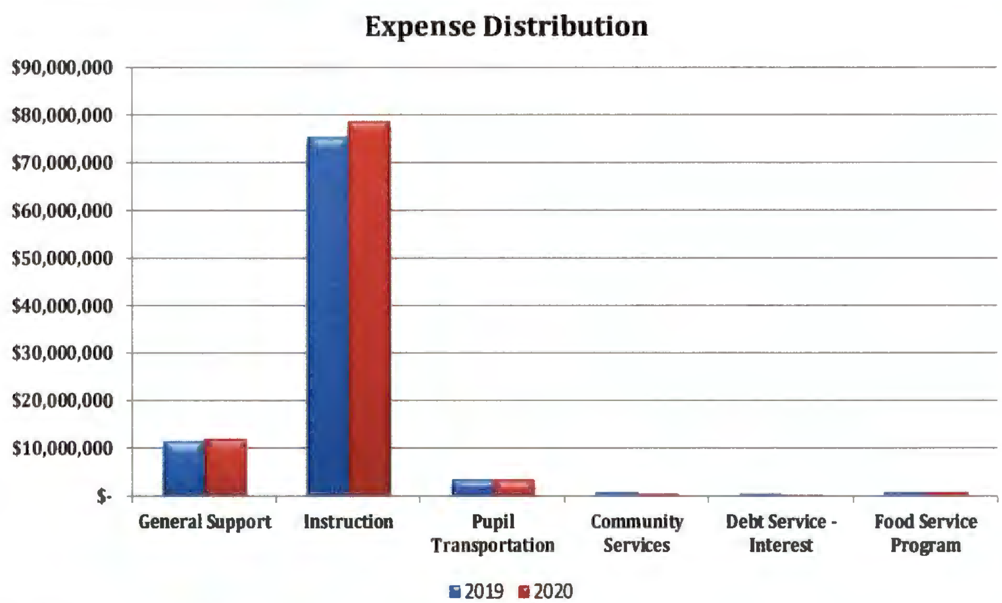
- Other revenues decreased because, in the prior year, the District reflected a non-recurring revenue source of $5,649,523, proceeds from the liquidation of split dollar life insurance policies.
- Property taxes and STAR revenues increased by $991,554.
- The District received more state aid in the current year than during the prior year.

The District's total expenses for the year increased by $3,293,783 or 3.57%. The increase in expense is primarily due to the increase in instruction. The primary reason for the increase in instruction is the impact of the net change in other postemployment benefits costs allocated. Community services and pupil transportation expenses decreased due to the impact of COVID-19 and the implementation of virtual learning.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 70.4% and 65.6% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.3% and 81.5% of the total for the years 2020 and 2019, respectively).



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2019	3.1%	1.7%	65.6%	20.3%	9.3%
2020	2.7%	1.7%	70.4%	22.7%	2.5%



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2019	12.4%	81.5%	3.8%	0.9%	0.5%	0.9%
2020	12.4%	82.3%	3.5%	0.6%	0.4%	0.8%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of $51,044,045, which is an increase of $6,219,357 from the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
General Fund			
Restricted:			
Workers' compensation	$ 1,077,406	$ 1,023,899	$ 53,507
Unemployment insurance	1,183,372	1,129,503	53,869
Retirement contribution			
Teachers' retirement system	676,113	325,000	351,113
Employees' retirement system	6,121,926	6,049,116	72,810
Employee benefit accrued liability	3,826,514	3,741,112	85,402
Capital	10,618,162	15,359,939	(4,741,777)
Assigned:			
Appropriated fund balance	3,546,838	3,261,516	285,322
Unappropriated fund balance	652,432	696,786	(44,354)
Unassigned: Fund balance	5,900,172	3,815,034	2,085,138
	33,602,935	35,401,905	(1,798,970)
School Food Service Fund			
Nonspendable: Inventory	43,685	30,437	13,248
Assigned: Unappropriated fund balance	255,500	268,748	(13,248)
	299,185	299,185	-
Debt Service Fund			
Restricted: Debt service	81,088	80,781	307
Capital Projects Fund			
Restricted: Capital	16,934,261	9,134,320	7,799,941
Assigned: Unappropriated fund balance	126,576		126,576
Unassigned: Fund balance (deficit)		(91,503)	91,503
	17,060,837	9,042,817	8,018,020
Total Fund Balance	$ 51,044,045	$ 44,824,688	$ 6,219,357

A. General Fund

The net change in the general fund – fund balance is a decrease of $1,798,970. General fund expenditures and other uses of $93,499,537 exceeded revenues of $91,700,567.

General fund revenues and other financing sources decreased by $6,354,245 or 6.48%. The primary decreases were in sale of property and compensation for loss-split-dollar life insurance proceeds, other tax items-STAR revenues, and a transfer from the debt service fund, offset by increases in real property taxes and state sources.

General fund expenditures and other uses decreased by $2,584,602 or 2.69%. The primary decreases were in employee benefits and general support – central services, offset by the increase in operating transfers out due to the transfer to the capital projects fund for the June 2020 voter approved construction projects. The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2019	Use of Reserves	Interest	Funding	Balance @ June 30, 2020	Appropriated for June 30, 2021
Workers' compensation	$ 1,023,899	$ (200,000)	$ 3,507	$ 250,000	$ 1,077,406	$ 200,000
Unemployment insurance	1,129,503	(19,323)	3,869	69,323	1,183,372	50,000
Retirement contribution						
TRS	325,000		1,113	350,000	676,113	
ERS	6,049,116	(700,000)	20,719	752,091	6,121,926	700,000
EBALR	3,741,112	(88,652)	12,813	161,241	3,826,514	300,000
Capital						
Reserve II	3,694,834	(3,336,147)	12,658	2,139,817	2,511,162	
Reserve III	5,465,105	(598,230)	18,761		4,885,636	
Reserve IV	6,200,000	(5,500,000)	21,364	2,500,000	3,221,364	
	$ 27,628,569	$ (10,442,352)	$ 94,804	$ 6,222,472	$ 23,503,493	$ 1,250,000

Additional detail regarding capital reserves can be found in Note 19 "Restricted for Capital Reserve."

B. School Food Service Fund

There was no net change in the school food service fund – fund balance, as the general fund provided a transfer of $191,069 to cover the uncollectible meal sales balance and the operating loss.

C. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of $307, which is the result of interest earnings.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of $8,018,020, which is the result of transfers from the general fund of $9,934,377, $500,000 from the 2019-2020 budget and $9,434,377 as approved by the voters on June 9, 2020, in accordance with Propositions 2 and 3. This was offset by expenditures of $1,916,357 for voter approved capital projects.

The following is a summary of the District's capital projects fund restricted fund balance activity:

	Balance @ June 30, 2019	Transfer of Reserves	Use of Reserves	Balance @ June 30, 2020
Reserve I	$ 265,145	$	$ (244,187)	$ 20,958
Reserve II	6,672,078	3,336,147	(1,283,498)	8,724,727
Reserve III	2,197,097	598,230	(106,751)	2,688,576
Reserve IV	-	5,500,000		5,500,000
	$ 9,134,320	$ 9,434,377	$ (1,634,436)	$ 16,934,261

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was $95,375,818. This amount was increased by encumbrances carried forward from the prior year in the amount of $696,786 and budget revisions of $9,437,383 for a total final budget of $105,509,987.

The final budget amount was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $67,579,213 in estimated property taxes, PILOT and STAR receipts and $20,340,089 in estimated state aid.

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

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

Opening, Unassigned Fund Balance	$ 3,815,034
Revenues Over Budget	833,259
Expenditures and Encumbrances Under Budget	11,358,018
Unused Appropriated Reserves	(242,025)
Allocation to Reserves	(6,317,276)
Appropriated to Fund the June 30, 2021 Budget	(3,546,838)
Closing, Unassigned Fund Balance	$ 5,900,172

Opening, Unassigned Fund Balance

The $3,815,034 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenues Over Budget

The 2019-2020 original budget for revenues was $90,864,302; the final budget for revenues was $90,867,308, which included a budget revision of $3,006 in miscellaneous revenues. Actual revenues recognized for the year were $91,700,567. Actual revenues were more than estimated or budgeted revenue by $833,259. This change contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 original budget for expenditures including prior year encumbrances was $96,072,604. The budget was increased by budget revisions of $9,437,383 for a final budget of $105,509,987. Actual expenditures as of June 30, 2020 were $93,499,537 and outstanding encumbrances were $652,432. Combined, the expenditures plus encumbrances for 2019-2020 were $94,151,969 The final budget variance was $11,358,018, which contributes directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2019-2020 budget, $1,250,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, $242,025 of this funding was not needed and, therefore, it was returned to the reserves and is available for future use.

Allocation to Reserves

Monies transferred from budget lines within the general fund operating budget into required restricted fund balances do not affect the combined restricted, assigned and unassigned fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use $3,546,838 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2020 was $5,900,172. This amount exceeds the statutory limit of 4.0% of the subsequent years' budget.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation expense of $3,694,297 in excess of capital additions of $3,641,534 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Land	$ 819,000	$ 819,000	$ -
Construction in progress	882,573	3,650,935	(2,768,362)
Buildings and improvements	63,357,643	61,121,761	2,235,882
Furniture and equipment	7,931,408	7,451,691	479,717
Capital assets, net	$ 72,990,624	$ 73,043,387	$ (52,763)

B. Debt Administration

At June 30, 2020, the District had total bonds payable of $5,050,000. The bonds were issued in 2012 for the refunding of bonds originally issued for improvements. In July 2014, the District entered into an energy perfomance contract in the amount of $6,273,183 with an interest rate of 2.75% and a final maturity in 2029. The decrease in debt is a result of principal payments made during the year. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
Bonds Payable				
August 2012	2.00-4.00%	$ 5,050,000	$ 8,745,000	$ (3,695,000)
Energy Performance Contract				
July 2014	2.75%	$ 4,488,167	$ 4,896,362	$ (408,195)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, early retirement annuities, workers' compensation liability, net pension liability – proportionate share and total other postemployment benefits obligation. The compensated absences liability and early retirement annuities are based on employment contracts. The workers' compensation liability, the net pension liability – proportionate share and the total other postemployment benefits obligation are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences	$ 3,826,514	$ 3,628,852	$ 197,662
Early retirement annuities	40,000	50,000	(10,000)
Workers' compensation	1,430,350	967,774	462,576
Net pension liability - proportionate share	6,231,948	1,641,333	4,590,615
Total OPEB obligation	117,729,920	93,638,980	24,090,940
	$ 129,258,732	$ 99,926,939	$ 29,331,793

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is $97,504,268. This is an increase of $2,128,450 or 2.23% over the previous year's budget. The increase is principally in costs of programs for students with disabilities, the addition of enrichment academics and expanded summer enrichment program, and increasing costs of employee benefits.

The District budgeted revenues other than property taxes and STAR at a $363,947 increase over the prior year's estimate, which is principally due to estimated increases in charges for services. The assigned, appropriated fund balance applied to the budget in the amount of $3,546,838 is a $285,322 increase over the previous year. Additionally, the District has elected to appropriate $1,250,000 of reserves towards the next year's budget, which is equal to the previous year. A property tax increase of $1,479,181 (2.23%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations in the voter approved budget.

B. Future Budgets

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2020-2021 property tax increase of 2.23% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Dr. Edward A. Salina, Jr. - Superintendent of Schools
Plainedge Union Free School District
241 Wyngate Drive
North Massapequa, NY 11758

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

ASSETS	
Cash	
Unrestricted	$ 12,816,544
Restricted	40,518,842
Receivables	
Accounts receivable	552
Taxes receivable	1,659,647
Due from fiduciary fund	10,062
Due from state and federal	1,328,424
Due from other governments	2,522,927
Inventory	43,685
Capital assets not being depreciated	1,701,573
Capital assets being depreciated, net of accumulated depreciation	71,289,051
Net pension asset - proportionate share	6,026,756
Total Assets	137,918,063
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from advance refunding, net	45,874
Pensions	24,221,688
Other postemployment benefits	23,439,762
Total Deferred Outflows of Resources	47,707,324
LIABILITIES	
Payables	
Accounts payable	3,044,294
Accrued liabilities	105,956
Due to teachers' retirement system	3,720,241
Due to employees' retirement system	294,572
Compensated absences payable	88,652
Unearned credits	
Collections in advance	53,234
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,924,048
Energy performance contract payable	419,497
Compensated absences payable	220,000
Early retirement annuities payable	10,000
Workers' compensation liability	100,000
Due and payable after one year	
Bonds payable, net	1,214,217
Energy performance contract payable	4,068,670
Compensated absences payable	3,606,514
Early retirement annuities payable	30,000
Workers' compensation liability	1,330,350
Net pension liability - proportionate share	6,231,948
Total other postemployment benefits obligation	117,729,920
Total Liabilities	146,192,113
DEFERRED INFLOWS OF RESOURCES	
Pensions	8,325,467
Other postemployment benefits	13,777,979
Total Deferred Inflows of Resources	22,103,446
NET POSITION	
Net investment in capital assets	63,452,457
Restricted	
Workers' compensation	1,077,406
Unemployment insurance	1,183,372
Retirement contribution	
Teachers' retirement system	676,113
Employees' retirement system	6,121,926
Employee benefit accrued liability	3,826,514
Capital	27,552,423
Debt service	81,088
	40,518,842
Unrestricted (deficit)	(86,641,471)
Total Net Position	$ 17,329,828

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General support	$ 11,828,944	$	$	$ (11,828,944)
Instruction	78,780,398	2,114,958	1,482,642	(75,182,798)
Pupil transportation	3,309,562			(3,309,562)
Community services	588,586			(588,586)
Debt service - interest	380,584			(380,584)
Food service program	758,649	432,222	154,539	(171,888)
Total Governmental Activities	$ 95,646,723	$ 2,547,180	$ 1,637,181	(91,462,362)
GENERAL REVENUES				
Real property taxes				57,366,561
Other tax items				10,328,540
Use of money and property				293,012
Sale of property and compensation for loss				5,889
Miscellaneous				525,533
State sources				21,378,266
Medicaid reimbursement				48,298
Total General Revenues				89,946,099
Change in Net Position				(1,516,263)
Total Net Position - Beginning of Year				18,846,091
Total Net Position - End of year				$ 17,329,828

PLAINEDGE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 11,930,954	$ 2,901	$ 314,874	$	$ 567,815	$ 12,816,544
Restricted	23,503,493			81,088	16,934,261	40,518,842
Receivables						
Accounts receivable	552					552
Taxes receivable	1,659,647					1,659,647
Due from other funds	521,906					521,906
Due from state and federal	504,204	599,206	1,154		223,860	1,328,424
Due from other governments	2,505,336	17,591				2,522,927
Inventory			43,685			43,685
Total Assets	$ 40,626,092	$ 619,698	$ 359,713	$ 81,088	$ 17,725,936	$ 59,412,527
LIABILITIES						
Payables						
Accounts payable	$ 2,486,666	$ 105,298	$ 11,367	$	$ 440,963	$ 3,044,294
Accrued liabilities	64,547	2,832	4,223			71,602
Due to other funds		511,568			276	511,844
Due to teachers' retirement system	3,720,241					3,720,241
Due to employees' retirement system	294,572					294,572
Compensated absences payable	88,652					88,652
Unearned credits						
Collections in advance	8,296		44,938			53,234
Total Liabilities	6,662,974	619,698	60,528	-	441,239	7,784,439
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	360,183				223,860	584,043
FUND BALANCES						
Nonspendable: Inventory			43,685			43,685
Restricted:						
Workers' compensation	1,077,406					1,077,406
Unemployment insurance	1,183,372					1,183,372
Retirement contribution						
Teachers' retirement system	676,113					676,113
Employees' retirement system	6,121,926					6,121,926
Employee benefit accrued liability	3,826,514					3,826,514
Capital	10,618,162				16,934,261	27,552,423
Debt service				81,088		81,088
Assigned:						
Appropriated fund balance	3,546,838					3,546,838
Unappropriated fund balance	652,432		255,500		126,576	1,034,508
Unassigned: Fund balance	5,900,172					5,900,172
Total Fund Balances	33,602,935	-	299,185	81,088	17,060,837	51,044,045
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 40,626,092	$ 619,698	$ 359,713	$ 81,088	$ 17,725,936	$ 59,412,527

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances		$ 51,044,045
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, construction in progress, buildings and improvements, furniture and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 106,702,523	
Less: Accumulated depreciation	(33,711,899)	
		72,990,624
Proportionate share of long-term asset, liability, and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.		
Net pension asset - teachers' retirement system	6,026,756	
Deferred outflows of resources	24,221,688	
Net pension liability - employees' retirement system	(6,231,948)	
Deferred inflows of resources	(8,325,467)	
		15,691,029
Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.		45,874
Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	23,439,762	
Total other postemployment benefits obligation	(117,729,920)	
Deferred inflows of resources	(13,777,979)	
		(108,068,137)
Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		584,043
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(34,354)	
Bonds payable, net	(5,138,265)	
Energy performance contract payable	(4,488,167)	
Compensated absences payable	(3,826,514)	
Early retirement annuities payable	(40,000)	
Workers' compensation payable	(1,430,350)	
		(14,957,650)
Total Net Position		$ 17,329,828

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 57,366,561	$	$	$	$	$ 57,366,561
Other tax items	10,328,540					10,328,540
Charges for services	2,114,958					2,114,958
Use of money and property	292,705			307		293,012
Sale of property and compensation for loss	5,889					5,889
Miscellaneous	525,533		816			526,349
State sources	21,018,083	729,159	7,082			21,754,324
Medicaid reimbursement	48,298					48,298
Federal sources		753,483	147,457			900,940
Sales			431,406			431,406
Total Revenues	91,700,567	1,482,642	586,761	307	-	93,770,277
EXPENDITURES						
General support	9,188,332					9,188,332
Instruction	49,414,597	1,434,618				50,849,215
Pupil transportation	2,400,487	186,418				2,586,905
Community services	387,888					387,888
Employee benefits	17,281,636					17,281,636
Debt service						
Principal				4,103,195		4,103,195
Interest				459,562		459,562
Food service program			777,830			777,830
Capital outlay					1,916,357	1,916,357
Total Expenditures	78,672,940	1,621,036	777,830	4,562,757	1,916,357	87,550,920
Excess (Deficiency) of Revenues Over Expenditures	13,027,627	(138,394)	(191,069)	(4,562,450)	(1,916,357)	6,219,357
OTHER FINANCING SOURCES AND USES						
Operating transfers in		138,394	191,069	4,562,757	9,934,377	14,826,597
Operating transfers (out)	(14,826,597)					(14,826,597)
Total Other Sources (Uses)	(14,826,597)	138,394	191,069	4,562,757	9,934,377	-
Net Change in Fund Balances	(1,798,970)	-	-	307	8,018,020	6,219,357
Fund Balances - Beginning of year	35,401,905	-	299,185	80,781	9,042,817	44,824,688
Fund Balances - End of year	$ 33,602,935	$ -	$ 299,185	$ 81,088	$ 17,060,837	$ 51,044,045

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For The Year Ended June 30, 2020

Net Change in Fund Balances		$ 6,219,357
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).	$ 360,183	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in compensated absences liability	(197,662)	
Increase in workers' compensation payable	(462,576)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in early retirement annuities payable	10,000	
		(290,055)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Capital outlays and other additions	3,641,534	
Depreciation expense	(3,694,297)	
		(52,763)
Long-Term Debt Transaction Differences		
Amortization of bond premiums and deferred charges from advance refunding of bonds do not affect the governmental funds, but are recorded in the Statement of Activities.		
Amortization of bond premiums	163,440	
Amortization of deferred charges	(84,943)	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	3,695,000	
Repayment of energy performance contract payable principal	408,195	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2019 to June 30, 2020.	481	
		4,182,173
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	(4,038,441)	
Employees' retirement system	(1,218,024)	
Other postemployment benefits	(6,318,510)	
		(11,574,975)
Change in Net Position of Governmental Activities		$ (1,516,263)

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2020

	Agency	Private Purpose Trust
ASSETS		
Cash		
Unrestricted	$ 139,003	$
Restricted		14,606
Accounts receivable	2,397	
Total Assets	$ 141,400	14,606
LIABILITIES		
Extraclassroom activity balances	$ 85,230	
Due to governmental funds	10,062	
Other liabilities	46,108	
Total Liabilities	$ 141,400	-
NET POSITION		
Restricted for scholarships		$ 14,606

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Contributions	$ 500
Investment earnings	32
Total Additions	532
DEDUCTIONS	
Scholarships and awards	1,900
Change in Net Position	(1,368)
Net Position - Beginning of year	15,974
Net Position - End of Year	$ 14,606

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §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 General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

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

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board of Education in August and become a lien on October 1st and April 1st. Taxes are collected by the Town of Oyster Bay (Town) and remitted to the District from December to June.

The District also levies the real property taxes for the Plainedge Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in installments as received from the Town. These pass-through amounts are not included in the District's real property tax revenues.

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues.

The District's PILOT revenues include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received $1,383,273 in LIPA PILOT revenue during the 2019-2020 fiscal year.

G. Restricted Resources

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

F. Interfund Transactions

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

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

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

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

G. Use of Estimates

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

H. Cash and Cash Equivalents

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

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

I. Receivables

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

J. Inventory

Inventory of food in the school food service fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. This inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the inventory is consumed.

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

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

K. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Land improvements	$ 25,000	50 years
Buildings and improvements	50,000	15-25 years
Furniture and equipment	2,000	5-20 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through June 30, 2022. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in total other postemployment benefits obligation not included in OPEB expense.

M. Short-Term Debt

The District may issue 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 TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

No short-term borrowings were issued or outstanding during the year ended June 30, 2020.

N. Collections in Advance

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

O. Employee Benefits – Compensated Absences

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

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

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

Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

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

P. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

In prior years, the District offered early retirement incentives to eligible employees. The incentive provided for annual annuity payments in the amount of $10,000 for ten years starting eight years after retirement. The District records the expenditure as the payments become due. For 2020, the expenditure was $10,000. The amount outstanding of $10,000 per year will be paid in full through fiscal year ending 2025.

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the District-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contribution to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB in the District-wide financial statements and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

R. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund.

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure 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. These reserves are accounted for in the general fund and capital projects fund.

Restricted for Debt Service

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the private purpose trust fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District's general fund 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 of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

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

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

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

2. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Statement	Effective for the Year Ending
GASB No. 84 - *Fiduciary Activities*	June 30, 2021
GASB No. 87 - *Leases*	June 30, 2022

GASB Statement No. 84 will require the District to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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 current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences and workers' compensation benefits.

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.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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.

Transfer to capital projects fund for school improvements funded by capital reserve funds II and IV as approved by voters on June 9, 2020	$ 8,836,147
Transfer to capital projects fund for school improvements funded by capital reserve fund III as approved by voters on June 9, 2020	598,230
Instructional expenditures funded by gifts and donations	3,006
	$ 9,437,383

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, 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.

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is anticipating the need to appropriate unassigned fund balance for unanticipated contingent expenditures not part of the 2020 - 2021 budget. These expenditures related to the delivery of educational services, and to preserve the health and safety of students and staff during the COVID-19 pandemic will reduce the unassigned fund balance to be within the permissible limit.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS

The District's investment policies are governed by state statutes and District policy. 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 U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed $4,950,065 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $1,805,969. Financial statements for the BOCES are available from the BOCES administrative offices at Nassau BOCES Administrative Center, 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2020 consisted of:

General Fund	
New York State excess cost aid	$ 504,204
Special Aid Fund	
Federal and state grants	599,206
School Food Service Fund	
Federal and state food service program reimbursements	1,154
Capital Projects Fund	
Smart Schools Bond Act	223,860
	$ 1,328,424

District management expects these amounts to by fully collectible.

8. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2020 consisted of:

General Fund	
BOCES aid	$ 1,715,947
Other districts - charges for services	789,389
	2,505,336
Special Aid	
Charges for services - other districts	17,591
	$ 2,522,927

District management expects these amounts to by fully collectible.

9. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	$ 819,000	$	$	$ 819,000
Construction in progress	3,650,935	1,916,357	(4,684,719)	882,573
Total capital assets not being depreciated	4,469,935	1,916,357	(4,684,719)	1,701,573
Capital assets being depreciated:				
Buildings and improvements	85,940,221	4,691,386		90,631,607
Furniture and equipment	12,904,682	1,718,510	(253,849)	14,369,343
Total capital assets being depreciated	98,844,903	6,409,896	(253,849)	105,000,950
Less accumulated depreciation for:				
Buildings and improvements	24,818,460	2,455,504		27,273,964
Furniture and equipment	5,452,991	1,238,793	(253,849)	6,437,935
Total accumulated depreciation	30,271,451	3,694,297	(253,849)	33,711,899
Total capital assets, being depreciated, net	68,573,452	2,715,599	-	71,289,051
Capital assets, net	$ 73,043,387	$ 4,631,956	$ (4,684,719)	$ 72,990,624

Depreciation expense was charged to governmental functions as follows:

General support	$ 307,990
Instruction	3,252,276
Pupil transportation	111,699
Community service	22,332
Total depreciation expense	$ 3,694,297

10. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2020, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 521,906	$	$	$ 14,826,597
Special Aid Fund		511,568	138,394	
School Food Service Fund			191,069	
Debt Service Fund			4,562,757	
Capital Projects Fund		276	9,934,377	
Total Governmental Funds	521,906	511,844	$ 14,826,597	$ 14,826,597
Fiduciary Funds		10,062		
Total	$ 521,906	$ 521,906		

The District typically transfers from the general fund to the special aid fund to fund the District's required 20% share of the July / August program for students with disabilities and the state supported Section 4201 schools. The District transfers from the general fund to the debt service fund to pay for its long-term debt service obligations. The District also transferred from the general fund to the capital projects fund in accordance with the voter approved budget of $500,000. The District transfers to the school food service fund for the uncollectible meal sales balance. The Board of Education approved an additional transfer to the school food service fund to offset the operating loss incurred during the fiscal year resulting from reduced meal sales as a result of the COVID-19 pandemic. Transfers from the general fund to the capital projects fund in the amount of $9,434,377 were in accordance with Propositions 2 and 3 approved by the voters of the District on June 9, 2020.

11. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 8,745,000	$	$ (3,695,000)	$ 5,050,000	$ 3,850,000
Add: Premium on refunding	251,705		(163,440)	88,265	74,048
	8,996,705	-	(3,858,440)	5,138,265	3,924,048
Energy performance	4,896,362		(408,195)	4,488,167	419,497
	13,893,067	-	(4,266,635)	9,626,432	4,343,545
Other long-term liabilities:					
Compensated absences	3,628,852	197,662		3,826,514	220,000
Early retirement annuities	50,000		(10,000)	40,000	10,000
Workers' compensation	967,774	836,134	(373,558)	1,430,350	100,000
	$ 18,539,693	$ 1,033,796	$ (4,650,193)	$ 14,923,296	$ 4,673,545

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Bond Refunding	August 2012	November 2021	2.00-4.00%	$ 5,050,000

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 3,850,000	$ 178,900	$ 4,028,900
2022	1,200,000	24,000	1,224,000
Total	$ 5,050,000	$ 202,900	$ 5,252,900

C. Advance Refunding

In the district-wide statements, the District is amortizing deferred charges on the advance refunding and a refunding bond premium as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase/ (Decrease)
2021	$ 38,484	$ (74,048)	$ (35,564)
2022	7,390	(14,217)	(6,827)
Total	$ 45,874	$ (88,265)	$ (42,391)

D. Energy Performance Contract

The energy performance contract payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Energy Performance Contract	July 2014	December 2029	2.75%	$ 4,488,167

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 419,497	$ 120,560	$ 540,057
2022	431,112	108,945	540,057
2023	443,050	97,007	540,057
2024	455,317	84,740	540,057
2025	467,925	72,132	540,057
2026-2030	2,271,266	158,992	2,430,258
Total	$ 4,488,167	$ 642,376	$ 5,130,543

E. Interest Expense

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

Interest paid	$ 459,562
Less interest accrued in the prior year	(34,835)
Plus interest accrued in the current year	34,354
Less amortization of deferred amounts on refunding	(78,497)
Total interest expense on long-term debt	$ 380,584

12. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, 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 ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.15% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020 was $3,525,769 for TRS at the contribution rate of 8.86% and $1,047,800 for ERS at an average contribution rate of 14.25%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related Pensions

At June 30, 2020, 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, 2019 for TRS and March 31, 2020 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	$ 6,026,756	$ (6,231,948)
District's portion of the Plan's total net pension asset/(liability)	0.231976%	0.0235340%
Change in proportion since the prior measurement date	(0.0044100)	0.0003687

For the year ended June 30, 2020, the District recognized pension expense of $7,550,976 for TRS and $2,365,331 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 4,084,178	$ 366,775	$ 448,161	$
Changes of assumptions	11,385,347	125,482	2,776,070	108,352
Net difference between projected and actual earnings on pension plan investments		3,194,801	4,833,147	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	728,595	516,169	116,710	43,027
District contributions subsequent to the measurement date	3,525,769	294,572		
Total	$ 19,723,889	$ 4,497,799	$ 8,174,088	$ 151,379

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2021	$ 2,824,445	$ 789,873
2022	270,864	1,039,000
2023	2,814,562	1,245,314
2024	1,912,903	977,661
2025	341,142	
Thereafter	(139,884)	
	$ 8,024,032	$ 4,051,848

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Inflation	2.20%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.10%	6.80%
Cost of living adjustments	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2020
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternatives investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset/(liability)	$ (27,204,145)	$ 6,026,756	$ 33,903,731

ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset/(liability)	$ (11,437,385)	$ (6,231,948)	$ (1,437,719)

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	$ (119,879,474)	$ (194,596,261)
Plan fiduciary net position	122,477,481	168,115,682
Employers' net pension asset/(liability)	$ 2,598,007	$ (26,480,579)
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%	86.39%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to $3,525,769 of employer contributions and $194,472 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $294,572 of employer contributions. Employee contributions are remitted monthly.

13. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. For the year ended June 30, 2020, employer non-elective contributions were $128,078 and employees' elective contributions were $2,623,736.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled $74,427.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description –The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on 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 – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	356
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	490
	846

B. Total OPEB Liability

The District's total OPEB liability of $117,729,920 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%	
Discount rate	2.21%	
Healthcare cost trend rates	6.10%	decreasing to 4.10% over 57 years
Retirees' share of benefit-related costs	up to 50.00%	of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016. Mortality improvement was projected to date of decrement using Scale MP-2016 (generational mortality).

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	$ 93,638,980
Changes for the year	
Service cost	3,888,865
Interest	3,371,055
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	19,275,965
Benefit payments	(2,444,945)
	24,090,940
Balance at June 30, 2020	$ 117,729,920

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

OPEB	1% Decrease 1.21 %	Discount Rate 2.21 %	1% Increase 3.21 %
Total OPEB liability	$ (140,345,396)	$ (117,729,920)	$ (99,843,677)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.10%) or 1 percentage point higher (7.10%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.10 % decreasing to 3.10 %	Healthcare Cost Trend Rates 6.10 % decreasing to 4.10 %	1% Increase 7.10 % decreasing to 5.10 %
Total OPEB liability	$ (99,451,847)	$ (117,729,920)	$ (142,125,646)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $8,763,455. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$ 6,878,722	$ 317,207
Changes of assumptions or other inputs	16,561,040	13,460,772
Total	$ 23,439,762	$ 13,777,979

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

Year Ending June 30,	Amount
2021	$ 1,503,535
2022	1,503,535
2023	1,503,535
2024	1,503,535
2025	1,503,535
Thereafter	2,144,108
	$ 9,661,783

15. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State, in response to revenue losses and costs related to COVID-19 at the State level. Unavailable revenues, in the general fund at June 30, 2020, total $360,183.

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2020, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2020, total $223,860.

16. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that were incurred but not reported (IBNR) as of year end June 30, 2020. The liability is undiscounted.

	2019	2020
Unpaid claims at beginning of year	$ 930,779	$ 967,774
Incurred claims and claim adjustment expenses	373,982	836,134
Claims payments	(336,987)	(373,558)
Unpaid claims at year end	$ 967,774	$ 1,430,350

C. Public Entity Risk Pool

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

17. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2020 restricted fund balances, to fund the budget for the year ending June 30, 2021:

Workers' compensation	$ 200,000
Unemployment insurance	50,000
Retirement system contribution - ERS	700,000
Employee benefit accrued liability	300,000
	$ 1,250,000

18. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $3,546,838 has been appropriated to reduce taxes for the year ending June 30, 2021.

19. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve			
	I	II	III	IV
Date Created	May 2009	May 2015	May 2018	May 2019
Number of Years to Fund	10	10	15	15
Maximum Funding	$ 10,000,000	$ 25,000,000	$ 15,000,000	$ 25,000,000
General Fund				
Funding Provided Since Inception	$ 10,000,000	$ 20,686,404	$ 7,654,881	$ 8,700,000
Interest Earnings Since Inception	52,470	53,314	63,985	21,364
Transfer to Capital Fund	(10,052,470)	(18,228,556)	(2,833,230)	(5,500,000)
Total General Fund	-	2,511,162	4,885,636	3,221,364
Capital Projects Fund				
Transfer from General Fund	10,052,470	18,228,556	2,833,230	5,500,000
Use of Reserve Since Inception	(10,031,512)	(9,503,829)	(144,654)	-
Total Capital Projects Fund	20,958	8,724,727	2,688,576	5,500,000
Balance as of June 30, 2020	$ 20,958	$ 11,235,889	$ 7,574,212	$ 8,721,364

20. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

Restricted:	
Capital Projects Fund	
Capital projects	$ 4,386,131
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	238,891
Instruction	181,278
Pupil transportation	166,586
Employee benefits	65,677
	652,432
Capital Projects Fund	
Capital projects	244,276
	$ 5,282,839

B. Grants

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

C. Litigation

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

D. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was $78,704 for the year ended June 30, 2020. The following is summary of future obligations under these purchase agreements:

Year Ending June 30,	*Amount*
2021	$ 72,559
2022	71,145
2023	61,426
	$ 205,130

21. SUBSEQUENT EVENTS

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

On March 11, 2020, coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization. COVID-19 is an international, national and New York State public health emergency. As such, the COVID-19 outbreak is disrupting business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the state, all of which are uncertain and cannot be predicted.

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 57,256,328	$ 57,256,328	$ 57,366,561	$ 110,233
Other tax items	10,322,885	10,322,885	10,328,540	5,655
Charges for services	2,180,000	2,180,000	2,114,958	(65,042)
Use of money and property	162,000	162,000	292,705	130,705
Sale of property and compensation for loss	271,000	271,000	5,889	(265,111)
Miscellaneous	272,000	275,006	525,533	250,527
Total Local Sources	70,464,213	70,467,219	70,634,186	166,967
State Sources	20,340,089	20,340,089	21,018,083	677,994
Medicaid reimbursement	60,000	60,000	48,298	(11,702)
Total Revenues	90,864,302	90,867,308	91,700,567	$ 833,259
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	3,261,516	3,261,516		
Prior Year's Encumbrances	696,786	696,786		
Appropriated Reserves	1,250,000	10,684,377		
Total Appropriated Fund Balance	5,208,302	14,642,679		
Total Revenues and Appropriated Fund Balance	$ 96,072,604	$ 105,509,987		

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.

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 159,466	$ 160,679	$ 105,621	$ 240	$ 54,818
Central administration	418,708	340,846	333,751	30	7,065
Finance	952,501	956,795	863,091	36,320	57,384
Staff	519,097	521,097	435,624	4,019	81,454
Central services	8,014,452	8,042,221	6,586,184	198,282	1,257,755
Special items	885,929	885,929	864,061		21,868
Total General Support	10,950,153	10,907,567	9,188,332	238,891	1,480,344
Instruction					
Administration & improvement	3,622,082	3,774,882	3,392,089		382,793
Teaching - regular school	29,901,982	29,818,919	27,465,317	40,473	2,313,129
Programs for students with disabilities	13,094,791	12,403,605	10,786,095	134,414	1,483,096
Occupational education	642,375	642,375	561,735		80,640
Teaching - special schools	487,632	490,332	175,304		315,028
Instructional media	2,672,139	3,329,790	3,083,614	5,770	240,406
Pupil services	4,614,891	4,621,581	3,950,443	621	670,517
Total Instruction	55,035,892	55,081,484	49,414,597	181,278	5,485,609
Pupil Transportation	3,364,669	3,364,669	2,400,487	166,586	797,596
Community Services	778,867	778,867	387,888		390,979
Employee Benefits	20,675,265	20,489,196	17,281,636	65,677	3,141,883
Debt Service - Interest	50,000	50,000	-		50,000
Total Expenditures	90,854,846	90,671,783	78,672,940	652,432	11,346,411
OTHER USES					
Operating Transfers Out	5,217,758	14,838,204	14,826,597		11,607
Total Expenditures and Other Uses	$ 96,072,604	$ 105,509,987	93,499,537	$ 652,432	$ 11,358,018
Net Change in Fund Balance			(1,798,970)		
Fund Balance - Beginning of Year			35,401,905		
Fund Balance - End of Year			$ 33,602,935		

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.

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Six Fiscal Years

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.231976%	0.236386%	0.245387%	0.245340%	0.244660%	0.240278%
District's proportionate share of the net pension asset/(liability)	$ 6,026,756	$ 4,274,474	$ 1,865,186	$ (2,627,696)	$ 25,412,343	$ 26,765,449
District's covered payroll	$ 38,888,794	$ 38,504,551	$ 39,186,603	$ 37,923,933	$ 36,779,492	$ 35,500,210
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.50 %	11.10 %	4.76 %	(6.93)%	69.09 %	75.40 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0235340%	0.0231653%	0.0239933%	0.0243598%	0.0253271%	0.0254307%
District's proportionate share of the net pension liability	$ (6,231,948)	$ (1,641,333)	$ (774,372)	$ (2,288,899)	$ (4,065,070)	$ (859,110)
District's covered payroll	$ 8,138,203	$ 7,109,737	$ 6,933,250	$ 7,042,828	$ 6,968,359	$ 6,984,136
District's proportionate share of the net pension liability as a percentage of its covered payroll	(76.58)%	(23.09)%	(11.17)%	(32.50)%	(58.34)%	(12.30)%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 3,525,769	$ 4,129,990	$ 3,773,446	$ 4,516,967	$ 4,985,480	$ 6,502,819	$ 5,754,364	$ 3,974,383	$ 3,686,262	$ 2,763,011
Contributions in relation to the contractually required contribution	3,525,769	4,129,990	3,773,446	4,516,967	4,985,480	6,502,819	5,754,364	3,974,383	3,686,262	2,763,011
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 41,113,593	$ 38,888,794	$ 38,504,551	$ 39,186,603	$ 37,923,933	$ 36,779,492	$ 35,500,210	$ 38,853,070	$ 33,274,188	$ 32,614,924
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	18%	16%	10%	11%	8%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 1,047,800	$ 971,176	$ 1,039,262	$ 1,058,025	$ 1,192,590	$ 1,293,171	$ 1,176,551	$ 1,105,565	$ 968,338	$ 769,180
Contributions in relation to the contractually required contribution	1,047,800	971,176	1,039,262	1,058,025	1,192,590	1,293,171	1,176,551	1,105,565	968,338	769,180
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,353,777	$ 7,295,605	$ 7,124,123	$ 7,111,963	$ 6,949,601	$ 7,023,572	$ 6,804,640	$ 6,741,885	$ 6,519,783	$ 6,829,534
Contributions as a percentage of covered payroll	14%	13%	15%	15%	17%	18%	17%	16%	15%	11%

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	2020	2019	2018
Total OPEB liability			
Service cost	$ 3,888,865	$ 4,870,299	$ 3,719,393
Interest	3,371,055	3,018,956	2,862,104
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	9,292,308	(487,139)
Changes of assumptions or other inputs	19,275,965	(18,183,850)	-
Benefit payments	(2,444,945)	(2,224,212)	(1,812,481)
Net change in total OPEB liability	24,090,940	(3,226,499)	4,281,877
Total OPEB liability, beginning	93,638,980	96,865,479	92,583,602
Total OPEB liability, ending	$ 117,729,920	$ 93,638,980	$ 96,865,479
Covered employee payroll	$ 41,405,088	$ 41,405,088	$ 42,477,512
Total OPEB liability as a percentage of covered employee payroll	284.34%	226.15%	228.04%
Discount rate	2.21%	3.50%	3.00%
Healthcare trend rates	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2023

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Notes to Required Supplementary Information

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 95,375,818
Additions:	
Prior year's encumbrances	696,786
Original Budget	96,072,604
Budget Revisions	9,437,383
Final Budget	$ 105,509,987

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget		$ 97,504,268
Maximum allowed (4% of 2020-2021 budget)		$ 3,900,171
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 4,199,270	
Unassigned fund balance	5,900,172	
		$ 10,099,442
Less:		
Appropriated fund balance	3,546,838	
Encumbrances	652,432	
Total adjustments		4,199,270
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 5,900,172
Actual Percentage		6.05%

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For The Year Ended June 30, 2020

PROJECT TITLE	Budget June 30, 2019	Budget June 30, 2020	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance	Methods of Financing Proceeds of Obligations	Methods of Financing State Aid	Methods of Financing Local Sources	Methods of Financing Total	Fund Balance June 30, 2020
District-wide 14/15	$ 1,000,000	$ 1,000,000	$ 997,868	$ 2,132	$ 1,000,000	$	$	$	$ 1,000,000	$ 1,000,000	$
Capital repair 14/15	300,000	300,000	300,000		300,000	-			300,000	300,000	-
Capital repair 15/16	300,000	300,000	278,497	21,503	300,000	-			300,000	300,000	-
Capital repair 17/18	300,000	300,000	300,000		300,000	-			300,000	300,000	-
Capital repair 18/19	325,000	325,000	216,278	104,326	320,604	4,396			325,000	325,000	4,396
Capital repair 19/20		500,000		153,960	153,960	346,040			500,000	500,000	346,040
Smart Schools Bond Act	746,268	746,268	746,268		746,268	-		746,268		746,268	-
Capital reserve projects approved May 2015											
From capital reserve I (5/09)											
High school roof replacement	1,969,846	1,969,846	1,969,846		1,969,846	-				1,969,846	-
Science, Technology, Engineering Art and Math (STEAM)											
Learning center - Eastplain	779,802	771,344	713,954	57,390	771,344	-				771,344	-
Learning center - Schwarting	729,140	722,222	653,771	68,451	722,222	-				722,222	-
Learning center - West	706,677	701,095	584,174	116,921	701,095	-				701,095	-
Smart boards	60,000	80,958	58,576	1,424	60,000	20,958				80,958	20,958
	4,245,465	4,245,465	3,980,321	244,186	4,224,507	20,958	-	-	-	4,245,465	20,958
Capital reserve projects approved May 2016											
From capital reserve I (5/09) and II (5/15)											
High school athletic field upgrades	4,957,319	4,957,319	4,957,319		4,957,319	-				4,957,319	-
John H. West roof replacement	1,137,651	1,137,651	1,137,651		1,137,651	-				1,137,651	-
Floor replacements district wide	87,513	87,513	64,842	22,229	87,071	442				87,513	442
Restroom upgrades district wide	137,517	137,517	137,517		137,517	-				137,517	-
Door replacements district wide	48,000	48,000	48,000		48,000	-				48,000	-
Smart boards district-wide	60,000	60,000	42,657	13,167	55,824	4,176				60,000	4,176
	6,428,000	6,428,000	6,387,986	35,396	6,423,382	4,618	-	-	-	6,428,000	4,618
Capital reserve projects approved May 2017											
From capital reserve I (5/09) and II (5/15)											
Outdoor restroom, concession	438,114	438,114	438,114		438,114	-				438,114	-
Baseball field	353,438	353,438	353,438		353,438	-				353,438	-
Field lighting	560,953	560,953	560,953		560,953	-				560,953	-
Bleacher storage	107,802	107,802	107,802		107,802	-				107,802	-
Restroom	160,984	160,984	160,984		160,984	-				160,984	-
Administration renovation	5,427	5,985	5,377	608	5,985	-				5,985	-
Schwarting roof	954,284	954,284	954,284		954,284	-				954,284	-
Eastplain outdoor restroom	237,825	234,135	207,108	27,027	234,135	-				234,135	-
Flooring district-wide	81,975	85,107	11,114	1,726	12,840	72,267				85,107	72,267
Smart boards district-wide	38,062	38,062	-		-	38,062				38,062	38,062
Door replacement district-wide	46,450	46,450	39,600	6,850	46,450	-				46,450	-
	$ 2,985,314	$ 2,985,314	$ 2,838,774	$ 36,211	$ 2,874,985	$ 110,329	$ -	$ -	$ -	$ 2,985,314	$ 110,329

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund (Continued)
For The Year Ended June 30, 2020

			Expenditures				Methods of Financing				Fund
PROJECT TITLE	Budget June 30, 2019	Budget June 30, 2020	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2020
Capital reserve projects approved May 2018											
From capital reserve II (5/15)											
Eastplain Roof	$ 1,200,000	$ 1,157,708	$ 1,010,967	$ 146,741	$ 1,157,708	$	$	$	$ 1,157,708	$ 1,157,708	$
High School A/C	1,600,000	1,963,500	51,300	288,339	339,639	1,623,861			1,963,500	1,963,500	1,623,861
Eastplain Playground	78,670	78,670	78,670		78,670	-			78,670	78,670	-
John West Playground	34,640	34,640	34,640		34,640	-			34,640	34,640	-
Schwarting Playground	83,121	83,121	83,121		83,121	-			83,121	83,121	-
John West Bathroom 1	100,000	81,301	1,995	79,306	81,301	-			81,301	81,301	-
John West Bathroom 2	100,000	81,301	1,995	79,306	81,301	-			81,301	81,301	-
Schwarting Bathroom 1	100,000	118,960	1,995	116,965	118,960	-			118,960	118,960	-
Schwarting Bathroom 2	100,000	118,960	1,995	116,965	118,960	-			118,960	118,960	-
Flooring DW	513,569	212,934	-		-	212,934			212,934	212,934	212,934
Smartboard DW	36,000	14,905	-		-	14,905			14,905	14,905	14,905
Door Replacement DW	52,200	52,200	-	20,956	20,956	31,244			52,200	52,200	31,244
	3,998,200	3,998,200	1,266,678	848,578	2,115,256	1,882,944	-	-	3,998,200	3,998,200	1,882,944
Capital reserve projects approved May 2019											
From capital reserve II (5/15)											
High School A/C	1,715,900	1,715,900	45,548	85,245	130,793	1,585,107			1,715,900	1,715,900	1,585,107
Middle School Gym A/C	300,000	359,764	8,349		8,349	351,415			359,764	359,764	351,415
Elementary A/C	75,000	-	-		-	-			-	-	-
High School Windows	761,000	761,000	-	15,017	15,017	745,983			761,000	761,000	745,983
High School Parking Lot	400,000	400,000	-	7,892	7,892	392,108			400,000	400,000	392,108
High School Dug Out	100,000	100,000	-	100,000	100,000	-			100,000	100,000	-
Eastplain Bathroom 1	110,000	122,034	-	40,074	40,074	81,960			122,034	122,034	81,960
Eastplain Bathroom 2	110,000	122,034	-	40,074	40,074	81,960			122,034	122,034	81,960
Flooring DW	100,000	100,000	-		-	100,000			100,000	100,000	100,000
Door Replacement DW	100,000	91,168	-		-	91,168			91,168	91,168	91,168
Smartboard DW	36,000	36,000	-		-	36,000			36,000	36,000	36,000
	3,807,900	3,807,900	53,897	288,302	342,199	3,465,701	-	-	3,807,900	3,807,900	3,465,701
Capital reserve security projects approved May 2019											
From capital reserve III (5/18)											
High School Locks	400,000	400,000	10,829	57	10,886	389,114			400,000	400,000	389,114
Middle School Locks	400,000	400,000	10,829		10,829	389,171			400,000	400,000	389,171
Eastplain Locks	199,999	199,999	5,415		5,415	194,584			199,999	199,999	194,584
Charles Schwarting Locks	200,000	200,000	5,415		5,415	194,585			200,000	200,000	194,585
John West Locks	200,000	200,000	5,415		5,415	194,585			200,000	200,000	194,585
High School Parking Gate	85,001	93,001	-	77,876	77,876	15,125			93,001	93,001	15,125
High School Sign	150,000	142,000	-	5,764	5,764	136,236			142,000	142,000	136,236
Middle School Sign	150,000	150,000	-	5,764	5,764	144,236			150,000	150,000	144,236
Eastplain Sign	150,000	150,000	-	5,764	5,764	144,236			150,000	150,000	144,236
Charles Schwarting Sign	150,000	150,000	-	5,763	5,763	144,237			150,000	150,000	144,237
John West Sign	150,000	150,000	-	5,763	5,763	144,237			150,000	150,000	144,237
	2,235,000	2,235,000	37,903	106,751	144,654	2,090,346	-	-	2,235,000	2,235,000	2,090,346
Capital reserve projects approved June 2020											
From capital reserve II (5/15) and IV (5/19)4											
Cafeteria Upgrade		3,490,844		30,161	30,161	3,460,683			3,490,844	3,490,844	3,460,683
Fitness Center		4,995,303		44,851	44,851	4,950,452			4,995,303	4,995,303	4,950,452
Flooring DW		250,000			-	250,000			250,000	250,000	250,000
Door Replacement DW		100,000			-	100,000			100,000	100,000	100,000
	-	8,836,147	-	75,012	75,012	8,761,135	-	-	8,836,147	8,836,147	8,761,135
Capital reserve projects approved June 2020											
From capital reserve III (5/18)											
High School A/C		598,230			-	598,230			598,230	598,230	598,230
Totals	$ 26,671,147	$ 36,605,524	$ 17,404,470	$ 1,916,357	$ 19,320,827	$ 17,284,697	$ -	$ 746,268	$ 22,200,477	$ 36,605,524	17,284,697
									Less: State sources not yet realized		223,860
											$ 17,060,837

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2020

Capital assets, net	$ 72,990,624
Deduct:	
Short-term portion of bonds payable	3,850,000
Long-term portion of bonds payable	1,200,000
Short-term portion of energy performance contract payable	419,497
Long-term portion of energy performance contract payable	4,068,670
	9,538,167
Net investment in capital assets	$ 63,452,457

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

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

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

To the Board of Education
Plainedge Union Free School District
North Massapequa, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Plainedge Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cullen & Danowski, LLP

September 30, 2020