PRELIMINARY OFFICIAL STATEMENT DATED JULY 12, 2021

NEW ISSUE **TAX ANTICIPATION NOTES**

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

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH
SUFFOLK COUNTY, NEW YORK

$43,500,000* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES
(the "Notes")

Date of Issue: August 5, 2021 **Maturity Date: June 24, 2022**

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

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 22, 2021 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about August 5, 2021.

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

July , 2021

*Preliminary, subject to change.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH
SUFFOLK COUNTY, NEW YORK

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* * *

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* * *

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OFFICIAL STATEMENT

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH
SUFFOLK COUNTY, NEW YORK

Relating To

$43,500,000* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Middle Country Central School District at Centereach in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $43,500,000* Tax Anticipation Notes for 2021-2022 Taxes (the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has 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. See "*RISK FACTORS*" herein.

THE NOTES

Description

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

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Beth Rella, Assistant Superintendent for Business for Middle Country Central School District at Centereach, 8 43rd Street, Centereach, New York, 11720 telephone number (631) 285-8019, Fax (631) 738-2748 and email: brella@mccsd.net.

Optional Redemption

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

Book-entry-only System

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

*Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2021-2022 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2021-2022 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2021-2022 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

NO PAST DUE DEBT

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

BANKRUPTCY

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

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

THE DISTRICT

Description

The District began operations in 1957 as a result of a centralization vote which followed the consolidation of former Brookhaven School Districts 11 and 12, Centereach and Selden respectively. The District is located at the western border of the Town of Brookhaven in Suffolk County.

The area is basically residential in character with some light industry and commercial activity located on Middle Country Road (New York State Route 25) which bisects the District traversing east to west and is the main road artery located therein. The commercial property located on Middle Country Road represents approximately 16% of the taxable assessed value of the District. Such commercial property includes one of Long Island's largest retail centers, the Smithhaven Mall, a regional shopping center employing an estimated 3,500 people in a 1.4 million square foot complex where there are parking facilities for 6,500 cars. Its larger stores include Macy's, J.C. Penney's and Sears. Additionally, the Smithaven Mall has just completed a 72 million dollar expansion and renovation which includes the addition of several new major retail outlets. A J.C. Penney's Home Store is located on a site adjacent to Smithhaven Mall and another shopping center known as Loehmanns Mall, is located on the south side of Middle Country Road in the western end of the District. Located on the far northwestern end of the District is a Sports Authority, Office Max and Borders' Book Store. Additional shopping centers include a Wal-Mart, located in Centereach; and Independence Plaza in Selden, which is the site of a Home Depot.

The District comprises an area of approximately 16 square miles. Residential construction continues but at a moderate pace. Residents find employment within the District and at nearby industrial plants as well as at the Brookhaven National Laboratory, the Internal Revenue Service Center at Holtsville and State Hospitals located nearby, in addition to Stony Brook University and Suffolk Community College. Vehicular transportation is provided by several bus lines as well as an interior road network of state and county roads. Rail transportation is furnished by the Metropolitan Transportation Authority (L.I. Railroad). The Port Jefferson and Ronkonkoma branches of the L.I. Railroad serve the area. Regularly scheduled commercial flights are available at nearby Long Island MacArthur Airport. The Port Jefferson-Bridgeport Ferry is also in close proximity to the District.

District Organization

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

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

Enrollment History

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

School Year	School Enrollment
2016	9,990
2017	9,885
2018	9,750
2019	9,557
2020	9,556

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2021	9,388
2022	9,269
2023	9,149
2024	9,030
2025	8,910

Source: District Officials.

District Facilities

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

Name of School	Type	Date of Construction	Capacity	Date of Last Addition
Hawkins Path	Elementary	1963	729	2002
Holbrook Road	Elementary	1959	729	2002
Unity Drive	Pre-K and Kindergarten	1956	756	2002
Oxhead Road	Elementary	1959	810	2002
Stagecoach	Elementary	1967	756	2002
North Coleman Road	Elementary	1965	756	2002
Eugene Auer	Elementary	1965	750	2002
Jericho	Elementary	1969	837	2002
New Lane	Elementary	1970	1,674	2001
Newfield High School	Secondary	1959	1,987	2018
Selden Middle School	Middle	1966	1,965	2002
Dawnwood Middle School	Middle	1961	1,300	2002
Centereach High School	Secondary	1970	2,065	2018
Administration Building	Central Offices	1965	N/A	2002
Transportation Building	Offices and Garage	2010	N/A	2010
Bicycle Path School	Pre-K and Kindergarten	1950	810	1999

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
Middle Country Teachers Association	06/30/2025	790
Middle Country Secretaries Association	06/30/2022	91
Middle Country Association of Teacher's Aides	06/30/2022	195
Middle County Administrators Association	06/30/2025	44
Middle Country Nurses Association	06/30/2022	27
C.S.E.A - Operations	06/30/2022	88
C.S.E.A - Transportation	06/30/2019	41
C.S.E.A. - Maintenance	06/30/2022	28
C.S.E.A - Heads and Chiefs	06/30/2022	19
Middle Country Teachers Assistants Association	06/30/2022	195
Union Local 424 - Monitors	06/30/2023	65
Unaffiliated	N/A	20

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	Town	Suffolk County	New York State
1990	407,786	1,321,864	17,990,455
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
2019	480,768	1,476,601	19,453,561

Source: U.S. Bureau of the Census.

Income Data

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

	Per Capita Money Income			
	1990	2000	2010	2019
Town of Brookhaven	$16,726	$24,191	$32,663	$44,913
County of Suffolk	18,481	26,577	35,411	48,381
State of New York	16,501	23,389	30,791	41,857

	Median Household Income			
	1990	2000	2010	2019
Town of Brookhaven	$47,074	$62,475	$81,654	$100,957
County of Suffolk	49,128	65,288	84,235	106,228
State of New York	32,965	43,393	54,148	72,108

Source: United States Bureau of the Census
a. Based on American Community Survey 1-Year Estimate (2019)

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

Annual Averages:	Town of Brookhaven (%)	Suffolk County (%)	New York State (%)
2016	4.4	4.3	4.9
2017	4.4	4.4	4.6
2018	3.9	3.9	4.1
2019	3.6	3.7	4.0
2020	8.2	8.5	10.0
2021 (5 Month Average)	5.5	5.8	8.4

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

Computation of Debt Limit and Debt Contracting Margin
(As of July 12, 2021)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Brookhaven (2020-2021)[a]	$52,741,803	0.77%	$6,849,584,805
Debt Limit - 10% of Full Valuation			$684,958,481
Inclusions:[b]			
Outstanding Bonds			123,640,000
Bond Anticipation Notes			0
Total Indebtedness			123,640,000
Exclusions (Estimated Building Aid)[c]			95,573,720
Total Net Indebtedness			28,066,280
Net Debt Contracting Margin			$656,892,201
Per Cent of Debt Contracting Margin Exhausted			4.10%

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

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness
As at June 30:

	2017	2018	2019	2020	2021
Bonds	$70,590,000	$112,615,000	$130,755,000	$136,340,000	$124,255,000
BANs	-	-	-	-	-
TANs	-	-	-	-	-
Other	-	-	-	-	-
Total	$70,590,000	$112,615,000	$130,755,000	$136,340,000	$124,255,000

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	$ 12,315,000	$ 3,160,413	$ 15,475,413
2023	12,500,000	2,831,250	15,331,250
2024	12,765,000	2,489,775	15,254,775
2025	12,120,000	2,145,575	14,265,575
2026	10,970,000	1,830,400	12,800,400
2027	11,230,000	1,515,500	12,745,500
2028	8,470,000	1,248,500	9,718,500
2029	8,535,000	1,032,000	9,567,000
2030	7,900,000	830,813	8,730,813
2031	7,900,000	635,750	8,535,750
2032	8,050,000	427,250	8,477,250
2033	8,150,000	215,750	8,365,750
2034	2,525,000	75,750	2,600,750
2035	825,000	8,250	833,250
Totals	$124,255,000	$18,446,975	$142,701,975

a. Does not include any debt service payments made during the current fiscal year.

Debt Service Requirements – 2015 Energy Performance Contract[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	$ 1,021,147	$197,053	$1,218,200
2023	1,056,057	162,143	1,218,200
2024	1,092,160	126,040	1,218,200
2025	1,129,499	88,701	1,218,200
2026	1,168,113	50,087	1,218,200
2027	598,948	10,152	609,100
Totals	$6,065,924	$634,176	$6,700,100

a. Does not include any debt service payments made during the current fiscal year.

Debt Service Requirements – 2020 Energy Performance Contract[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	$ 1,096,689	$ 366,893	$ 1,463,582
2023	1,119,951	343,631	1,463,582
2024	1,143,707	319,876	1,463,582
2025	1,167,966	295,616	1,463,582
2026	1,192,740	270,842	1,463,582
2027	1,218,040	245,542	1,463,582
2028	1,243,876	219,706	1,463,582
2029	1,270,260	193,322	1,463,582
2030	1,297,204	166,378	1,463,582
2031	1,324,720	138,863	1,463,582
2032	1,352,819	110,764	1,463,582
2033	1,381,514	82,069	1,463,582
2034	1,410,817	52,765	1,463,582
2035	1,440,743	22,840	1,463,582
Totals	$17,661,046	$2,829,106	$20,490,152

a. Does not include any debt service payments made during the current fiscal year.

Revenue and Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes and revenues, which borrowing is necessitated by the schedule of real property tax and State aid revenue payments.

The following is a history of such tax and revenue anticipation note borrowings for the five most recent fiscal years:

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2017	$38,500,000	TAN	08/24/2016	06/27/2017
2018	38,500,000	TAN	08/15/2017	06/27/2018
2019	38,500,000	TAN	08/30/2018	06/25/2019
2020	38,500,000	TAN	09/04/2019	06/25/2020
2021	43,500,000	TAN	08/04/2020	06/25/2021

Authorized and Unissued Debt

The District has no 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 Suffolk	06/07/2021	2.24	$ 48,856,183	$28,154,499
Town of Brookhaven	06/25/2021	12.29	66,122,658	64,547,080
Village of Lake Grove	05/31/2019	100.00	0	0
Fire District (Est.)	12/31/2020	Var	3,675,500	3,675,500
Totals			$118,654,341	$96,377,079

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 July 12, 2021)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$123,640,000	$1,873	1.852
Net Direct Debt	28,066,280	425	0.420
Total Direct & Applicable Total Overlapping Debt	242,294,341	3,671	3.630
Net Direct & Applicable Net Overlapping Debt	124,443,359	1,885	1.864

a. The current population of the District is 66,001.
b. The full valuation of taxable property is $6,849,584,805.

FINANCES OF THE DISTRICT

Impact of COVID-19

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 $5,636,500. The District has paid such costs from budgetary appropriations and/or available funds. The District does not believe that the increased costs described above or any potential reductions in State aid will have a material adverse impact on the finances of the District. (See also "*State Aid*" herein.)

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

The District has received $1,041,664 in CARES Act funding, and is expected to receive a total of $21,872,045 through CRRSA and ARP funding. (See also "*State Aid*" herein.)

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2020. A copy of such report is included herein as Appendix C.

Investment Policy

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

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

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

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

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and special purpose fund. In addition, a capital projects fund is used to record capital facility projects, while an 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).

Revenues

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

Real Property Taxes

See *"Tax Information"* herein.

State Aid

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

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2016 through 2020, and the amount budgeted for 2021 and 2022.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2016	220,813,246	83,740,131	37.92
2017	224,401,532	87,307,370	38.91
2018	230,262,049	90,124,385	39.14
2019	235,169,489	91,563,212	38.93
2020	239,253,832	92,870,326	38.82
2021 (Budgeted)	265,011,296	99,064,103	37.38
2022 (Budgeted)	268,850,958	103,076,124	38.34

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

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

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

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due 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 for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may 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 without federal funding 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.

The State's 2019-2020 Enacted Budget provided for school aid of approximately $27.9 billion, an increase of more than $1 billion in school aid spending from the 2018-2019 school year. Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding though the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds on or about June 30, 2021.

The State's 2021-22 Enacted Budget provides $29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represents an increase of $3.0 billion or 11.3 percent compared to the 2020-21 school year, and includes a $1.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase is targeted to high-need school districts.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2021-22 Enacted Budget was adopted on April 7, 2021. No assurance can be given that the State will not experience delays in 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.

As described above, the State's 2020-21 Enacted Budget included, and the State's 2021-22 Enacted Budget includes, significant amounts of federal funding. The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget. (See also "*Impacts of COVID-19*" herein.)

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

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

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

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.

Litigation is continuing however as a statewide lawsuit entitled *NYSER* v. *State of New York* has been filed recently on behalf of the State's public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE* v. *State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting State Aid to New York School Districts

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

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The State's 2014-2015 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 State's 2014-2015 Budget restored $602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The State's 2014-2015 Budget invested $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. Said budget included an increase of $1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

School district fiscal year (2016-2017): The State's 2016-2017 Budget included a school aid increase of $991 million over 2015-2016, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the State's 2016-2017 Budget included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase ($100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

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, BOCES 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, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018¬2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

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

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.

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

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's allocation of funds is $8,318,342. The District has spent approximately $2,556,475 of such amount.

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

Expenditures

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

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

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

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 16.7% and Environmental Score: 15.0%). 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 8, 2016. The purpose of such audit was to determine if the District properly accounted for fuel inventories for the period July 1, 2014 through July 31, 2015. The complete report and 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.

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

Employee Pension System

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

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

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

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

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

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

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

The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

As of June 30, 2017, SCO is effectively terminated. Each employer who elected to participate in the plan has opted out. Employers who participated in the SCO will resume paying the Employer Contribution Rate ("ECR") as well as any outstanding deferred contributions plus interest.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and budgeted for the 2020-2021 fiscal year.

Fiscal Year Ending June 30:	TRS	ERS
2016	$12,091,668	$3,408,900
2017	10,894,707	2,966,365
2018	9,437,216	3,031,707
2019	10,621,153	3,169,360
2020	9,051,162	3,342,737
2021 (Budgeted)	10,459,764	3,762,255

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

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

For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The District's total OPEB liability at June 30, 2020 is as follows:

Total OPEB Liability at June 30, 2019	$369,083,578
Charges for the Year:	
Service Cost	11,348,199
Interest	13,148,634
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(30,928,103)
Changes in assumptions or other inputs	64,297,792
Benefit Payments	(11,755,003)
Net Changes	46,111,519
Total OPEB Liability at June 30, 2020	$415,195,097

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

The following table sets forth the amount of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020, inclusive and for the amounts budgeted for the 2021 and 2022 fiscal years.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2016	$220,813,246	$115,125,176	52.14
2017	224,401,532	114,883,456	51.20
2018	230,262,049	117,694,213	51.11
2019	235,169,489	121,336,086	51.60
2020	239,253,832	125,964,577	52.65
2021 (Budgeted)	265,011,296	132,036,464	49.82
2022 (Budgeted)	268,850,958	133,342,441	49.60

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

Tax Collection Procedure

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

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

The Tax Levy Limit Law

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

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

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

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

STAR - School Tax Exemption

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

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

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

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Approximately 12% of the District's 2020-2021 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 12% of the District's 2021-2022 school tax levy exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2022. (See *"State Aid"* herein).

Selected Listing of Large Taxable Properties in the District
2020-2021 Assessment Roll

Name	Type	Assessed Valuation
Mall at Smith Haven LLC	Shopping Center	$1,261,384
Long Island Power Authority	Utility	1,074,887
Macy's Retail Holding, Inc.	Shopping Center	571,695
Lake Grove Owners, LLC	Shopping Center	358,200
Centereach Mall Assoc. LP	Commercial	346,720
Independence Plaza SC LLC	Shopping Center	315,000
Keyspan	Utility	291,453
Serota Brooktown I & II LLC	Commercial	277,500
Selden Plaza LLC	Shopping Center	260,690
Home Properties Lake Grove LLC	Shopping Center	257,150
	Total [a]	$5,014,679

a. Represents 9.51% of the total full valuation of the District for 2020-2021.
Source: Town Assessment Rolls

Tax Certiorari Claims

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

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 Victims Act

CVA Case #1

On March 23, 2021, a Complaint was filed by a former female student against the Middle Country Central School District and the Middle Country Central School District Board of Education. In it, it is alleged that when the plaintiff was approximately seven (7) years old and a 2nd grade student at the Hawkins Path Elementary School she was sexually abused by her teacher.

The Complaint, filed pursuant to the Child Victim's Act, states eight causes of action against the District. The first cause of action is premised on alleged violations of various enumerated penal law sections; the second through sixth causes of action assert various forms of negligence; the seventh cause of action is for "breach of fiduciary duty"; and the eighth cause of action is premised on violations of the Social Services Law.

There is nothing in the plaintiff's academic records or in the teacher's personnel file which makes reference to any the alleged abuse of the plaintiff or that the District was put on notice of such alleged abuse. By and large, the teacher's personnel file is spotless and he retired from the District in 1981.

The District is defending this case vigorously and this office has filed a motion to dismiss the Complaint for failure to state a claim. The motion will be fully briefed and submitted on July 13, 2021. Motions to dismiss on negligence claims are not easily granted and thus, while we are confident in the motion, the Judge may be inclined to deny the motion and order the parties to proceed with discovery. If that is the case, the motion will likely be renewed at the close of discovery.

We are still in the processing of locating and tendering the matter to insurance carriers who may have insured the District at the time. To date, none of our attempts have proven to be successful.

At this early stage in the litigation and without knowing the full extent of damages that will be claimed, we are unable to provide an estimate or range of potential loss should the District be found liable.

CVA CASE #2

On June 9, 2020, the District was served with a lawsuit brought by a former male student. The Complaint alleges that during the 1976-1977 school year, while on an overnight trip he was sexually abused by an employee of the District. The Complaint alleges that in punishment for him wetting the bed, the teacher "dragged" the plaintiff to the bathroom and forced the plaintiff to undress and step into the shower. While in the shower, the teacher grabbed the plaintiff's genitals, and ordered the plaintiff to urinate in the shower. Further, the Complaint alleges that the teacher then made the plaintiff touch the teacher's genitals while he urinated. Finally, the Complaint alleges that the teacher forced the plaintiff to remain in the shower with him and fondled the plaintiff's genitals.

There is nothing in the plaintiff's academic records or in the teacher's personnel file which makes reference to any the alleged abuse of the plaintiff or that the District was put on notice of such alleged abuse. Of interest, an internet search the plaintiff revealed that he is Level 3 registered sex offender. He was convicted twice for Attempted Use Of A Child Less Than 17 Years Of Age In A Sexual Performance in 2009 and 2010.

The lawsuit, premised on the Child Victim's Act asserts two causes of action against the District for negligence and the intentional infliction of emotional distress.

As there has been no documentation discovered which establishes that the District had notice of the alleged abuse or the propensities of the teacher to commit such heinous acts, the District intends to vigorously defend this suit.

The District has Answered the Complaint and exchanged preliminary paper discovery. Most recently, however, the plaintiff's attorney filed a motion to be relieved as counsel which is returnable on July 20, 2021, alleging that there is no longer a meeting of the minds between the plaintiff and the firm. In light of that motion, the matter is in a holding pattern until that motion is decided and the plaintiff finds new counsel.

We are still in the processing of locating and tendering the matter to insurance carriers who may have insured the District at the time. To date, none of our attempts have proven to be successful.

At this early stage in the litigation and without knowing the full extent of damages that will be claimed, we are unable to provide an estimate or range of potential loss should the District be found liable.

CVA Case #3 –

On or about January 29, 2021, the District was served with a Verified Complaint brought by a former male student at the Dawnwood Junior High School during the 1984-1985 and 1985-1986 school years. The lawsuit was brought pursuant to the Child Victims Act and alleges that in approximately 1983, the plaintiff was sexually abused by a Dawnwood teacher. The lawsuit asserts numerous (ten) causes of action against the District, including, various claims premised on negligence, violations of the Social Services Law, and the intentional infliction of emotional distress.

A review of the teacher's personnel file revealed that allegations from the plaintiff, as well as at least two other students who claimed similar sexual abuse and molestation against the teacher first came to light on or about March 12, 1985, after a parent of a District student wrote a letter to the District detailing her son's abuse. Following receipt of these allegations the District filed 3020-a charges against the teacher in 1985. The teacher resigned following the District proffering charges against him. As part of the resignation and settlement of the 3020-a charges, the teacher voluntarily and permanently surrendered his teaching certificate.

While the reports of abuse by the teacher are troubling there remains no documentation which indicates that the District had knowledge of such abuse prior to the alleged abuse of the plaintiff. Upon receipt of such allegations, the District moved promptly to terminate the teacher, which included forfeiture or his teaching license. Thus, at this time the District remains committed to vigorously defending this suit. As such, the District has Answered the Complaint and exchanged preliminary paper discovery.

We are still in the processing of locating and tendering the matter to insurance carriers who may have insured the District at the time. To date, none of our attempts have proven to be successful.

At this early stage in the litigation and without knowing the full extent of damages that will be claimed, we are unable to provide an estimate or range of potential loss should the District be found liable.

CVA Case #4

On or about May 19, 2021, the District was served with a Verified Complaint brought by a former male student at Centereach High School in 1980. In it the plaintiff alleges that in approximately 1980, a teacher was assigned to be plaintiff's home school teacher. During such time it is alleged that said teacher groomed the plaintiff, eventually groping him, watching him use the bathroom and performing oral sex on him on at least ten occasions. The Complaint, brought pursuant to the Child Victim's Act, alleges various causes of action, all sounding in negligence against the District.

As this is the most recent claim received by the District, it is still in the process of compiling relevant information including the teacher's academic records and any board meeting minutes which may provide more information regarding this claim.

Here again, while the reports of abuse by the teacher are troubling we still have not uncovered any documentation which indicates that the District had knowledge of such abuse prior to the alleged abuse of the plaintiff. Upon receipt of allegations, the District moved promptly to terminate the teacher, which included forfeiture or his teaching license. Thus, at this time the District remains committed to vigorously defending this suit. As such, the District has Answered the Complaint and served the plaintiff with discovery demands.

We are still in the processing of locating and tendering the matter to insurance carriers who may have insured the District at the time. To date, none of our attempts have proven to be successful.

At this early stage in the litigation and without knowing the full extent of damages that will be claimed, we are unable to provide an estimate or range of potential loss should the District be found liable.

RISKS FACTORS

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

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

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also 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 for extended periods. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

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

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

Disclosure 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
2016	12/14/2016	10/25/2016
2017	12/27/2017	10/24/2017
2018	12/17/2018	10/23/2018
2019	12/05/2019	11/22/2019
2020	11/03/2020	12/23/2020

RATING

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa2" to the outstanding long-term 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.

ADDITIONAL INFORMATION

Additional information may be obtained from the office of Beth Rella, Assistant Superintendent for Business for Middle Country Central School District at Centereach, 8 43rd Street, Centereach, New York, 11720 telephone number (631) 285-8019, Fax (631) 738-2748 and email: brella@mccsd.net 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 or unauthorized editing or for any updates to dated website information.

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

By: s/s KAREN LESSLER, ED.D.
President of the Board of Education
Middle Country Central School District at Centereach
Centereach, New York

July , 2021

APPENDIX A

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Valuations, Tax Levies and Tax Rates

	Fiscal Year Ending June 30:				
	2017	2018	2019	2020	2021
Assessed Valuation	$ 52,182,564	$ 52,383,338	52,445,161	52,729,436	52,741,803
Equalization Rate	0.91%	0.90%	0.86%	0.79%	0.77%
Full Valuation	5,734,347,691	5,820,370,888	6,098,274,534	6,674,612,151	6,849,584,804
Tax Levy					
School	114,749,960	117,476,586	121,185,166	125,607,124	133,342,441
Library	14,700,354	14,883,154	15,053,859	15,154,971	14,883,746
Tax Rate per $1,000 of Assessed Valuation					
School	2,551.36	2,589.07	2,651.51	2,695.83	2,796.45
Library	281.71	284.12	287.04	287.41	282.20

Statement of Revenues, Expenditures and Fund Balances

General Fund

	Fiscal Year Ending June 30:				
	2016	2017	2018	2019	2020
Revenues:					
Real Property Taxes	$ 115,125,176	114,883,456	$ 117,694,213	$ 121,336,086	$ 125,964,577
Other Tax Items - Including STAR	18,610,578	18,523,825	18,304,139	18,043,954	16,711,986
Charges for Services	1,273,430	1,352,071	1,232,941	1,432,621	1,493,172
Use of Money and Property	197,011	273,956	673,537	1,113,726	580,516
Sale of Property and Compensation for Loss	366,356	434,667	1,282,215	203,604	148,762
Premium on TAN Obligations	473,267	420,420			
Miscellaneous	838,539	1,009,345	777,223	912,904	1,297,070
State Sources	83,740,131	87,307,370	90,124,385	91,563,212	92,870,326
Federal Sources	188,758	196,422	173,396	563,382	187,423
Total Revenues	220,813,246	224,401,532	230,262,049	235,169,489	239,253,832
Expenditures:					
General Support	20,240,076	21,132,256	22,065,926	23,343,281	23,361,008
Instruction	114,367,503	115,713,892	120,554,424	126,497,561	128,381,336
Pupil Transportation	14,302,100	14,779,424	14,227,374	13,560,901	15,513,962
Employee Benefits	55,659,610	56,900,702	57,652,767	62,168,895	59,784,669
Debt Service	9,177,762	8,720,600	10,010,977	15,748,147	17,814,725
Total Expenditures	213,747,051	217,246,874	224,511,468	241,318,785	244,855,700
Excess (Deficit) of Revenues Over Expenditures	7,066,195	7,154,658	5,750,581	(6,149,296)	(5,601,868)
Other Sources and Uses					
Premium on Short Term Obligations			317,243	363,825	243,710
Operating Transfers In	782,733				2,275,000
Proceeds for Sale of Land		1,265,600			
Operating Transfers (Out)	(394,347)	(395,062)	(442,621)	(563,447)	(630,222)
Total Other Sources (Uses)	388,386	870,538	(125,378)	(199,622)	1,888,488
Fund Balance - Beginning of Year	29,185,143	36,639,724	44,664,920	50,290,123	43,941,205
Fund Balance - End of Year	$ 36,639,724	$ 44,664,920	$ 50,290,123	$ 43,941,205	$ 40,227,825

NOTE: This Schedule NOT audited.
Sources: Audited Financial Statements.

Comparative Balance Sheet - General Fund

	Fiscal Year Ending June 30:		
	2018	2019	2020
Assets:			
Cash			
Unrestricted	$ 19,198,644	$ 21,459,983	$ 19,633,585
Restricted	37,096,482	32,476,239	27,496,021
Receivables			
Accounts Receivable	48,059	40,516	13,601
State & Federal Aid	6,304,724	5,182,362	6,816,484
Due From Other Governments	161,492	28,203	442,516
Due From Other Funds	3,880,435	2,789,040	2,694,929
Total Assets	66,689,836	61,976,343	57,097,136
Liabilities and Fund Balance:			
Payables:			
Accounts Payable	1,247,986	1,533,115	703,910
Accrued Liabilities	1,911,286	2,139,652	2,170,638
Due to Other Governments	47,315	5,350	6,105
Due To Teachers' Retirement System	9,882,988	11,047,730	9,527,050
Due To Employees' Retirement System	1,030,387	999,316	1,118,506
Deferred Inflows of Resources	1,272,809	1,272,809	2,082,056
Collections in Advance			
Compensated Absences	1,006,942	1,037,166	1,261,046
Total Liabilites	16,399,713	18,035,138	16,869,311
Fund Balances:			
Restricted			
Workers' Compensation	5,653,427	3,821,814	3,241,228
Unemployment Insurance	157,519	159,290	160,352
Insurance	1,287,022	1,301,495	1,310,176
Property Loss	617,742	624,689	628,856
Liability Loss	617,742	624,689	628,856
Retirement Contribution	11,893,304	9,494,330	6,557,648
Employee Benefit Accrued Liability	16,869,726	16,449,932	14,968,905
Assigned			
Appropriated Fund Balance	2,400,000	2,400,000	2,400,000
Unappropriated Fund Balance	790,058	652,756	985,778
Unassigned	10,003,583	8,412,210	9,346,026
Total Fund Equity	50,290,123	43,941,205	40,227,825
Total Liabilities and Fund Equity	$ 66,689,836	$ 61,976,343	$ 57,097,136

NOTE: This Schedule NOT audited.
Sources: Audited Financial Statements

Budget Summaries

	2021[1]	2022[2]
Revenues:		
Real Property Taxes & Tax Items[3]	$ 131,157,497	$ 133,342,441
Pilot Taxes		275,000
STAR	16,542,503	15,663,536
Use of Money and Property	1,400,000	1,953,664
State Sources	99,064,103	103,076,124
Federal Aid - Education Jobs Fund	215,000	
Other Revenues	1,742,000	650,000
Interfund Transfers	12,490,193	11,490,193
Appropriation of Fund Balance	2,400,000	2,400,000
Total Revenues	$ 265,011,296	$ 268,850,958
Expenditures:		
General Support	$ 25,001,860	$ 24,204,701
Instruction	137,825,833	139,690,324
Transportation	14,638,314	16,366,289
Benefits	67,502,705	68,488,330
Debt Service	19,574,937	19,633,667
Transfer to Special Aid	467,647	467,647
Total Expenditures	$ 265,011,296	$ 268,850,958

1. Approved by the qualified voters of the District on June 9, 2020.
2. Approved by the voters of the District on May 18, 2021.
3. Excludes Libray Tax Levy.

APPENDIX B

CASH FLOWS

CASH FLOW SUMMARY 2020-2021 (Actual)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	18,416	11,988	42,548	35,613	15,145	976	28	43,786	41,259	59,504	35,786	42,595	18,416
Receipts													
Property Taxes[b]							65,800	19,049	3,692	1,651	7,093	49,635	146,920
Star Payment							14,000		1,664				15,664
State Aid	1,495	2,048	11,430	522	2,294	8,317	550	1,576	33,275	46	15,784	7,000	84,337
Interfund Transfers	1,248	1,303	11	30	2,484	6,763	614	293	836	676	805		15,063
Other Receipts	44	75	289	157	19	104	6	161	143	36	88	38	1,160
TAN Proceeds		43,989											43,989
Total Receipts	2,787	47,415	11,730	709	4,797	15,184	80,970	21,079	39,610	2,409	23,770	56,673	307,133
Disbursements													
Salaries & Benefits	4,651	3,421	10,974	11,299	11,405	11,491	23,086	13,437	13,643	14,765	12,788	34,484	165,444
Services & Supplies	2,206	3,136	4,132	8,029	6,321	3,401	10,053	7,196	6,327	9,301	2,933	8,391	71,426
Library Transfer	1,240	1,240	1,242	1,240	1,240	1,240	1,252	1,240	1,240	1,452	1,240	1,241	15,107
Debt Service	1,118	9,058	2,317	609			2,821	1,733	155	609			18,420
TAN Principal												43,500	43,500
TAN Interest												659	659
Total Disbursements	9,215	16,855	18,665	21,177	18,966	16,132	37,212	23,606	21,365	26,127	16,961	88,275	314,556
Balance	11,988	42,548	35,613	15,145	976	28	43,786	41,259	59,504	35,786	42,595	10,993	10,993
TAN 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	43,500	43,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include $28,481,799 in restricted reserves.
(a) Balance as of June 30, 2020
(b) Includes Libary Tax Levy

CASH FLOW SUMMARY 2020-2021 (Actual)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	18,416	11,988	42,548	35,613	15,145	976	28	43,786	41,259	59,504	35,786	42,595	18,416
Receipts													
Property Taxes[b]							65,800	19,049	3,692	1,651	7,093	49,635	146,920
Star Payment							14,000		1,664				15,664
State Aid	1,495	2,048	11,430	522	2,294	8,317	550	1,576	33,275	46	15,784	7,000	84,337
Interfund Transfers	1,248	1,303	11	30	2,484	6,763	614	293	836	676	805		15,063
Other Receipts	44	75	289	157	19	104	6	161	143	36	88	38	1,160
TAN Proceeds		43,989											43,989
Total Receipts	2,787	47,415	11,730	709	4,797	15,184	80,970	21,079	39,610	2,409	23,770	56,673	307,133
Disbursements													
Salaries & Benefits	4,651	3,421	10,974	11,299	11,405	11,491	23,086	13,437	13,643	14,765	12,788	34,484	165,444
Services & Supplies	2,206	3,136	4,132	8,029	6,321	3,401	10,053	7,196	6,327	9,301	2,933	8,391	71,426
Library Transfer	1,240	1,240	1,242	1,240	1,240	1,240	1,252	1,240	1,240	1,452	1,240	1,241	15,107
Debt Service	1,118	9,058	2,317	609			2,821	1,733	155	609			18,420
TAN Principal												43,500	43,500
TAN Interest												659	659
Total Disbursements	9,215	16,855	18,665	21,177	18,966	16,132	37,212	23,606	21,365	26,127	16,961	88,275	314,556
Balance	11,988	42,548	35,613	15,145	976	28	43,786	41,259	59,504	35,786	42,595	10,993	10,993
TAN 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	43,500	43,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include $28,481,799 in restricted reserves.
(a) Balance as of June 30, 2020
(b) Includes Libary Tax Levy

CASH FLOW SUMMARY 2021-2022 (Projected)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	10,993	2,273	33,475	30,011	12,986	3,210	246	53,018	50,618	69,450	44,652	48,042	10,993
Receipts													
Property Taxes[b]							65,800	19,049	3,692	2,049	8,093	49,635	148,318
Star Payment							15,664						15,664
State Aid	1,495	2,236	11,930	3,522	3,695	10,817	550	1,576	33,275	46	15,784	5,000	89,926
Interfund Transfers	1,248	2,303	2,851	2,130	2,484	2,063	614	293	1,836	676	505		17,003
Other Receipts	44	75	289	157	19	104	6	61	43	36	88	38	960
TAN Proceeds		43,500											43,500
Total Receipts	2,787	48,114	15,070	5,809	6,198	12,984	82,634	20,979	38,846	2,807	24,470	54,673	315,371
Disbursements													
Salaries & Benefits	4,651	3,421	10,974	16,948	11,405	11,299	18,086	13,299	12,299	18,447	13,399	40,484	174,712
Services & Supplies	2,206	3,136	4,132	4,029	3,321	3,401	10,053	7,196	6,327	7,301	6,433	7,391	64,926
Library Transfer	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	14,976
Debt Service	3,402	9,107	2,180	609			475	1,636	140	609			18,158
TAN Principal												43,500	43,500
TAN Interest												435	435
Total Disbursements	11,507	16,912	18,534	22,834	15,974	15,948	29,862	23,379	20,014	27,605	21,080	93,058	316,707
Balance	2,273	33,475	30,011	12,986	3,210	246	53,018	50,618	69,450	44,652	48,042	9,657	9,657
TAN 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	43,500	43,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include approximately $22.0 million in restricted reserves.

(a) Balance as of June 30, 2021
(b) Includes Libary Tax Levy

CASH FLOW SUMMARY 2021-2022 (Projected)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	10,993	2,273	33,475	30,011	12,986	3,210	246	53,018	50,618	69,450	44,652	48,042	10,993
Receipts													
Property Taxes[b]							65,800	19,049	3,692	2,049	8,093	49,635	148,318
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Other Receipts	44	75	289	157	19	104	6	61	43	36	88	38	960
TAN Proceeds		43,500											43,500
Total Receipts	2,787	48,114	15,070	5,809	6,198	12,984	82,634	20,979	38,846	2,807	24,470	54,673	315,371
Disbursements													
Salaries & Benefits	4,651	3,421	10,974	16,948	11,405	11,299	18,086	13,299	12,299	18,447	13,399	40,484	174,712
Services & Supplies	2,206	3,136	4,132	4,029	3,321	3,401	10,053	7,196	6,327	7,301	6,433	7,391	64,926
Library Transfer	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	14,976
Debt Service	3,402	9,107	2,180	609			475	1,636	140	609			18,158
TAN Principal												43,500	43,500
TAN Interest												435	435
Total Disbursements	11,507	16,912	18,534	22,834	15,974	15,948	29,862	23,379	20,014	27,605	21,080	93,058	316,707
Balance	2,273	33,475	30,011	12,986	3,210	246	53,018	50,618	69,450	44,652	48,042	9,657	9,657
TAN 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	43,500	43,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include approximately $22.0 million in restricted reserves.

(a) Balance as of June 30, 2021
(b) Includes Libary Tax Levy

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH

APPENDIX C

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 BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Middle Country Central School District

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 Middle Country Central School District, as of and for the fiscal 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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WHITE PLAINS: 50 MAIN STREET, SUITE 1000 • WHITE PLAINS, NY 10606
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www.rsabrams.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 14 and 61 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the Middle Country Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Middle Country Central 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 Middle Country Central School District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020

Exhibit 1

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following is a discussion and analysis of the Middle Country Central School District's (the "District") financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Based Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- On June 16, 2020, the proposed 2020-2021 budget in the amount of $265,011,296 was approved by over 67 % of the District's residents who voted. The election was completed entirely by mail in ballot due to the COVID pandemic. The property tax levy did not exceed the property tax cap.

- On November 18, 2014 the proposed Bond Referendum in the amount of $125,158,351 was approved by the District's residents. The Bond is for district wide facility improvements, bus and equipment acquisitions, Science, Technology, Engineering, & Math (STEM) labs, cafeterias and playground upgrades. Bonds were issued on August 24, 2016, August 15, 2017, January 23, 2019, and September 4, 2019 in the amounts of $32,000,000, $47,000,000, $28,150,000 and $18,005,000, respectively. The District currently has authorized but unissued debt in the amount of $ 3,351 at June 30,2020.

- The 2019/20 school year presented many challenges for the District due to the COVID-19 virus and the closure of school buildings beginning March 16, 2020. Utilizing the Smart School Bond Act funds the District delivered Chromebooks to any home that did not have computer access and expanded the program to ensure all students grades 5-8 had a Chromebook to assist in remote learning. The District plans to expand the program to the entire student body grades K-12 for the 20/21 school year.

- During the 2019/20 school year, the District incurred approximately $350,000 in COVID-19 related expenses for PPE, cleaning, disinfectants, social distancing expenses and hazard pay. It is expected that during the 2020/21 school year the COVID-19 expenses for PPE, staffing and other expenses will be incurred and the District has applied for funds from FEMA and the NYS CARES funding to recoup some of the expenses.

- The District utilized only 66% of the budgeted reserves during the fiscal year ended June 30, 2020. Actual expenses in the areas of BOCES, and NYS retirement expenses were lower than anticipated.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

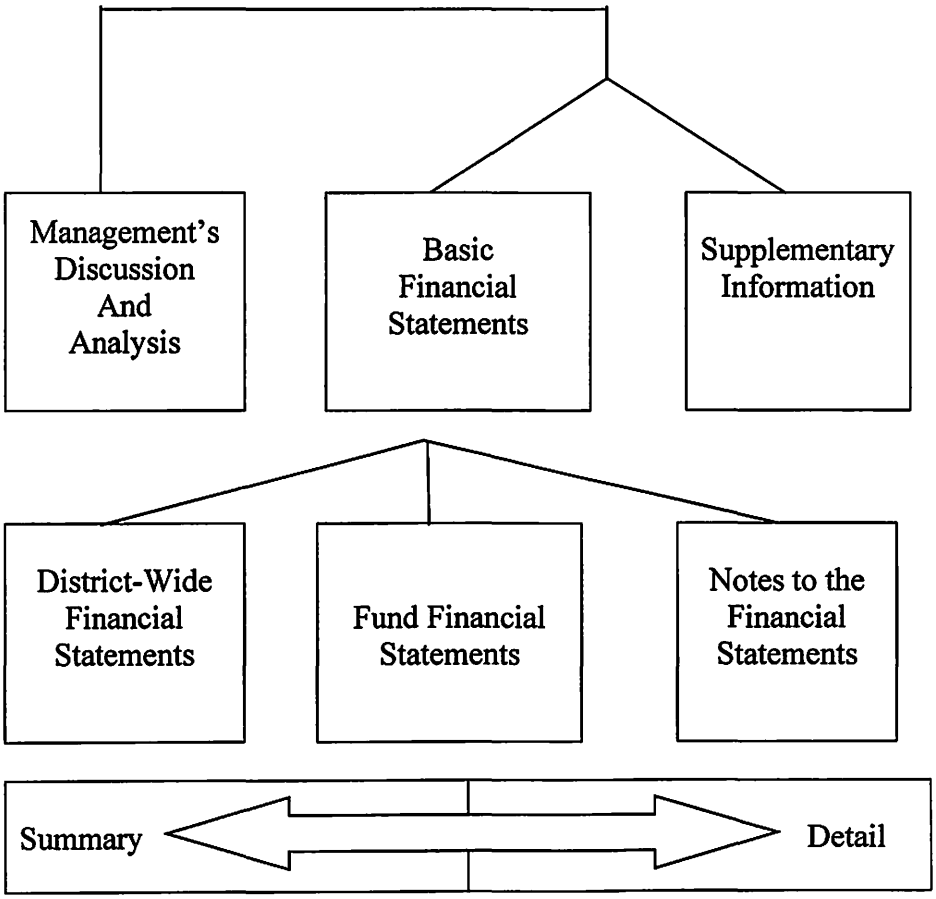
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

    - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

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

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

Organization of the District's Annual Financial Report



MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Major Features of the District-Wide and Fund Financial Statements

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A) District-Wide Financial Statements

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

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

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

- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

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

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

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B) Fund Financial Statements

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

The District has two kinds of funds:

i) Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

ii) Fiduciary funds

The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net deficit increased by $20,875,287 in the fiscal year ended June 30, 2020 as detailed below.

Condensed Statement of Net Position-Governmental Activities

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Fiscal Year 2020	Fiscal Year 2019*	Increase (Decrease)	Total Percentage Change
Current assets	$ 82,597,219	$ 81,481,540	$ 1,115,679	1.37%
Capital assets, net	187,668,453	164,696,259	22,972,194	13.95%
Net pension asset - proportionate share	15,571,567	10,690,204	4,881,363	45.66%
Total assets	285,837,239	256,868,003	28,969,236	11.28%
Deferred outflows of resources	133,120,190	81,675,819	51,444,371	62.99%
Total assets and deferred outflows of resources	418,957,429	338,543,822	80,413,607	23.75%
Other liabilities	17,264,969	18,729,682	(1,464,713)	-7.82%
Long-term liabilities	635,424,015	550,127,537	85,296,478	15.50%
Total liabilities	652,688,984	568,857,219	83,831,765	14.74%
Deferred inflows of resources	107,994,914	90,537,785	17,457,129	19.28%
Total liabilities and deferred inflows of resources	760,683,898	659,395,004	101,288,894	15.36%
Net position (deficit)				
Net investment in capital assets	48,033,668	40,548,196	7,485,472	18.46%
Restricted	27,645,999	34,423,423	(6,777,424)	-19.69%
Unrestricted (deficit)	(417,406,136)	(395,822,801)	(21,583,335)	-5.45%
Total net position (deficit)	$ (341,726,469)	$ (320,851,182)	$ (20,875,287)	-6.51%

*Reclassifications have been made to the 2019 information to conform to the 2020 reporting.

Current assets increased $1,115,679 from 2019 to 2020 primarily due to increases in state and federal aid receivable offset by decreases in cash of the general fund and debt service fund. Capital assets (net of depreciation) increased by $22,972,194 primarily due to the acquisition of assets and construction in progress with capital projects exceeding depreciation. The District reported a net pension asset of $15,571,567 for the Teachers' Retirement System as a result of the actuarial valuation provided by the State. This amount increased $4,881,363 over the prior year.

Deferred outflows of resources increased by $51,444,371, and represents contributions to the retirement plans subsequent to the measurement dates and actuarial determined amounts that will be amortized in future years, relating to pensions and other post-employment benefits obligation, as well as amortization of the deferred charges on refundings.

Other liabilities decreased by $1,464,713. This was primarily attributed to a decrease in the amount due to the teacher' retirement system. Long-term liabilities increased by $85,296,478. This is primarily due to the issuance of a bond for the 2014 bond project in the amount of $18,005,000, the issuance of an energy performance contract in the amount of $18,746,916, and an increase in total other post- employment benefits obligation of $46,111,519.

The change in deferred inflows of resources represents amortization of actuarial determined information relating to pensions and other post-employment benefits obligation.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by $7,485,472 primarily due to an increase in capital outlays related to the 2014 bond project, offset by depreciation.

The restricted net position in the amount of $27,645,999 relates to the District's reserves: workers' compensation, unemployment insurance, insurance, property loss, liability, retirement contribution, and employee benefit accrued liability, as well as the fund balance of the debt service fund. The decrease of $6,777,424 can be attributed to the utilization of the workers' compensation reserve of $606,074, the employee benefit accrued liability reserve for $1,590,735, the retirement contribution reserve of $3,000,000, and the utilization of the debt service fund of $2,275,000, offset by the allocation of interest to the reserve funds of $216,591, and revenues from interest and premiums received in the debt service fund of $477,794.

The unrestricted net deficit relates to the balance of the District's net position. The deficit of ($417,406,136) increased by $21,583,335, primarily due to the increase in the other post-employment benefits obligation.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

Change in Net Position from Operating Results – Governmental Activities Only

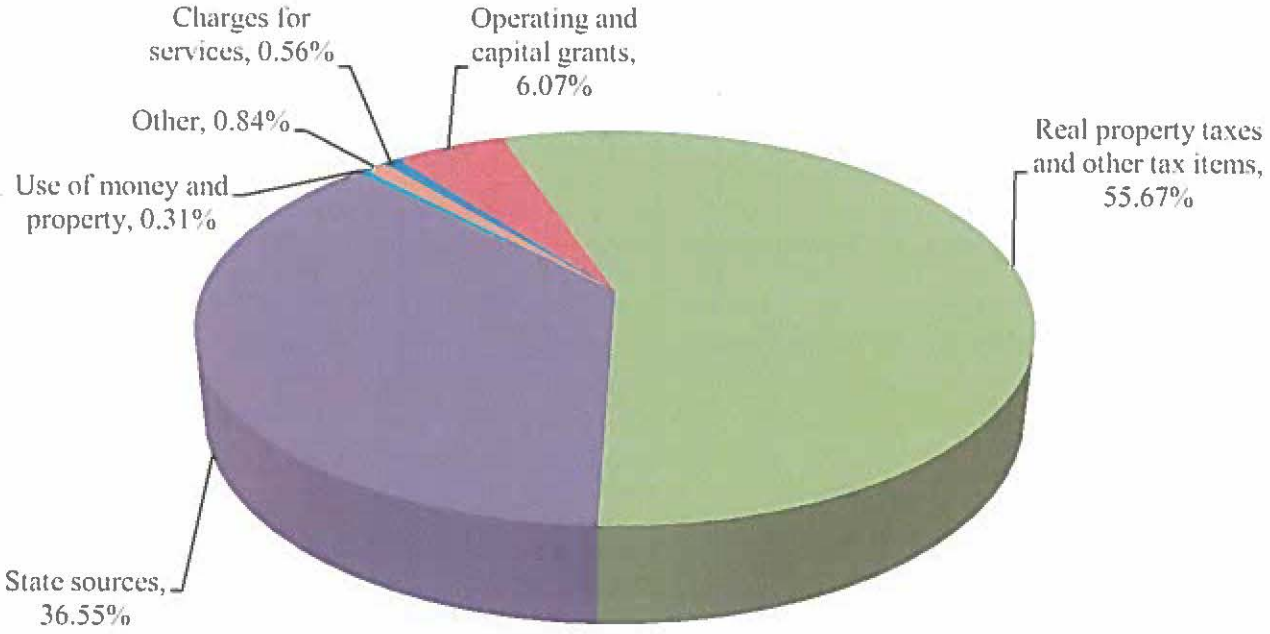
	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	$ 1,433,709	$ 1,787,055	$ (353,346)	-19.77%
Operating and capital grants	15,563,357	12,551,267	3,012,090	24.00%
General revenues				
Real property taxes and other tax items	142,676,563	139,380,040	3,296,523	2.37%
State sources	93,679,573	91,563,212	2,116,361	2.31%
Use of money and property	786,539	1,382,598	(596,059)	-43.11%
Other	2,145,930	2,065,050	80,880	3.92%
Total revenues	256,285,671	248,729,222	7,556,449	3.04%
Expenses				
General support	31,219,979	29,313,097	1,906,882	6.51%
Instruction	219,345,623	199,372,860	19,972,763	10.02%
Pupil transportation	18,508,244	16,164,160	2,344,084	14.50%
Debt service - interest	4,546,205	4,293,950	252,255	5.87%
Food service program	3,540,907	3,479,032	61,875	1.78%
Total expenses	277,160,958	252,623,099	24,537,859	9.71%
Increase (decrease) in net position	$ (20,875,287)	$ (3,893,877)	$ (16,981,410)	-436.11%

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District's total fiscal year 2020 revenues totaled $256,285,671. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 55.67% and 36.55%, respectively of total revenue. The remainder came from fees charged for services, operating and capital grants, use of money and property, and other miscellaneous sources.

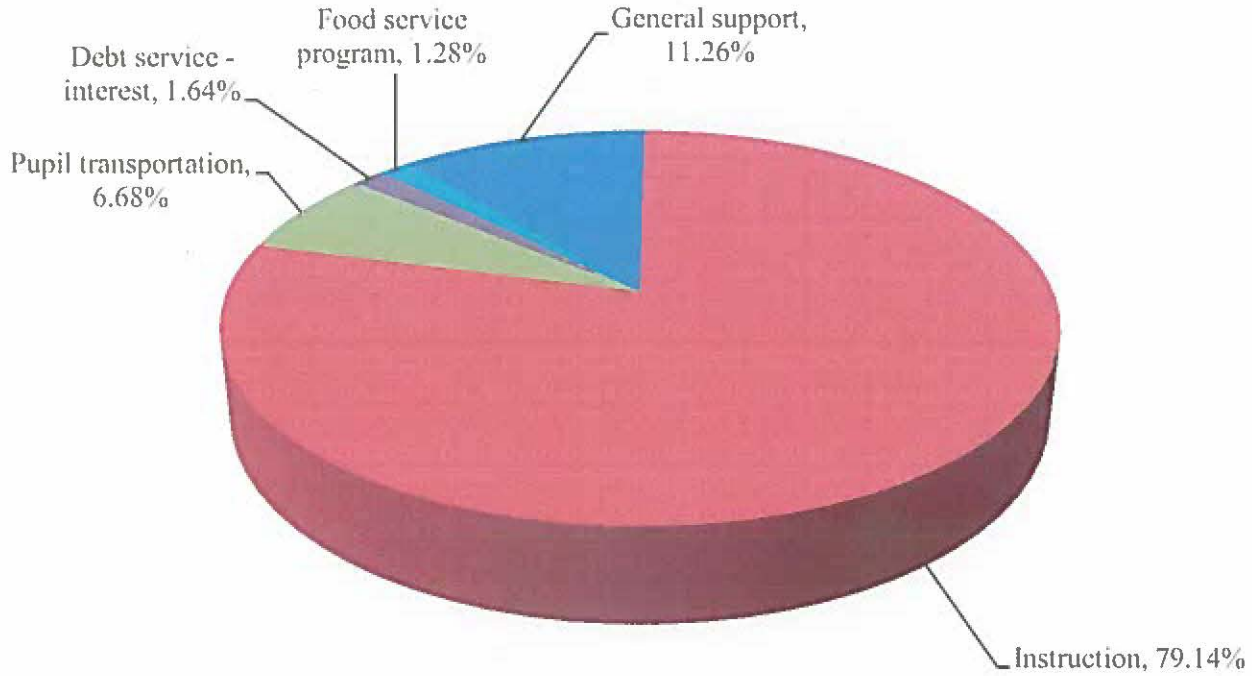
The cost of all programs and services totaled $277,160,958 for fiscal year 2020. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 85.82% of district expenses. The District's general support activities accounted for 11.26% of total costs.

Revenues for Fiscal Year 2020



MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Expenses for Fiscal Year 2020



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2020, the District's combined governmental funds reported a total fund balance of $65,049,886 which is an increase of $2,948,568 from the prior year. This increase is due to the increase in the capital projects fund of $8,820,830, primarily due to the proceeds from the issuance of serial bonds and the energy performance contract. The fund balance is offset by a decrease in the in the general fund from operations of $3,713,380 and a decrease in the school lunch fund of $357,937,and decreases in the debt service and special aid funds of $1,800,945. The decrease in the general fund balance was primarily due to lower than budgeted revenues in state aid. The decrease in the school lunch fund is directly related to the loss of revenue due to the closure of schools because of the COVID-19 pandemic. The decrease in the debt service fund is attributable to the utilization of funds to pay prior bond obligations.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	$ 3,241,228	$ 3,821,814	$ (580,586)	-15.19%
Restricted for unemployment insurance	160,352	159,290	1,062	0.67%
Restricted for insurance	1,310,176	1,301,495	8,681	0.67%
Restricted for property loss and liability	1,257,712	1,249,378	8,334	0.67%
Restricted for retirement contribution	6,557,648	9,494,330	(2,936,682)	-30.93%
Restricted for employee benefit accrued liability	14,968,905	16,449,932	(1,481,027)	-9.00%
Assigned - designated for subsequent year's expenditures	2,400,000	2,400,000	-	0.00%
Assigned - general support	283,642	153,351	130,291	84.96%
Assigned - instruction	645,341	466,214	179,127	38.42%
Assigned - transportation	13,581	29,069	(15,488)	-53.28%
Assigned - employee benefits	43,214	4,122	39,092	
Unassigned	9,346,026	8,412,210	933,816	11.10%
Total fund balance - general fund	40,227,825	43,941,205	(3,713,380)	-8.45%
Special Aid Fund				
Assigned unappropriated	12,410	16,149	(3,739)	-23.15%
Total fund balance - special aid fund	12,410	16,149	(3,739)	-23.15%
School Lunch Fund				
Nonspendable - inventory	56,155	13,798	42,357	306.98%
Assigned unappropriated	274,261	674,555	(400,294)	-59.34%
Total fund balance - school lunch fund	330,416	688,353	(357,937)	-52.00%
Debt Service Fund				
Restricted	149,978	1,947,184	(1,797,206)	-92.30%
Total fund balance - debt service fund	149,978	1,947,184	(1,797,206)	-92.30%
Capital Projects Fund				
Unspent debt proceeds	24,229,257	15,676,842	8,552,415	54.55%
Unassigned	100,000	(168,415)	268,415	159.38%
Total fund balance-capital projects fund	24,329,257	15,508,427	8,820,830	56.88%
Total fund balance - all funds	$ 65,049,886	$ 62,101,318	$ 2,948,568	4.75%

The decrease in the general fund balance is primarily due to a decrease in revenue from state aid because of building aid deferment, increase in payroll and benefit costs, offset by less than budgeted BOCES and retirement expenses.

The decrease in the fund balance of the school lunch fund is the result of an operating loss in the food service program due to a loss of revenue during the COVID-19 school closures.

The decrease in the fund balance for the debt service fund is due to a transfer to the general fund for payment of bond payments, offset by premiums received on debt proceeds during the year and interest income.

The increase in the fund balance for the capital projects fund is primarily due to the issuance of bonds for various bond projects, the issuance of the energy performance contract debt, and Smart Schools Bond Act revenues exceeding capital outlay.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2019-2020 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2020 was $257,435,446. This amount was increased by encumbrances carried forward from the prior year in the amount of $652,756 which resulted in a final budget of $258,088,202. The majority of the funding was real property taxes and other tax items budget of $142,653,688.

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

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

Opening, unassigned fund balance	$ 8,412,210
Revenues under budget	(4,229,318)
Expenditures and encumbrances under budget	11,616,502
Assigned, appropriated for June 30, 2021 budget	(2,400,000)
Interest allocated to reserves	(216,591)
Unused appropriated reserves	(3,836,777)
Closing, unassigned fund balance	$ 9,346,026

The opening, unassigned fund balance of $8,412,210 represents the fund balance from June 30, 2019 that was retained.

The revenues under budget of $4,229,318 were primarily related to state aid due to building aid deferment (See Supplemental Schedule # 1 for detail).

The expenditures and encumbrances under budget of $11,616,502 were primarily in teaching – regular school, programs for children with handicapping conditions, BOCES, benefits and retirement expenses (see Supplemental Schedule #1 for detail).

The assigned, appropriated fund balance of $2,400,000 for the June 30, 2020 budget is the amount the District has chosen to partially fund its operating budget for 2020-2021.

Interest of $216,591 was allocated to the reserves as follows: $25,488 to the workers' compensation reserve, $1,062 to the unemployment insurance reserve, $8,681 to the insurance reserve, $4,167 to the property loss reserve, $4,167 to the liability reserve, $63,318 to the retirement contribution reserve, and $109,708 to the employee benefit accrued liability reserve.

The District appropriated $9,033,586 of reserves for the 2019-2020 budget to reduce the tax levy. Only $5,196,809 of this amount was utilized as the expenditures for BOCES, retirement and benefit expenses were under budget during the 2019-2020 year.

The closing, unassigned fund balance of $9,346,026 represents the fund balance retained by the district that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2020-2021 budget. The District's unassigned fund balance is within this limit. Supplemental Schedule #5 includes the calculation for this limitation.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2020. A summary of the District's capital assets, net of depreciation, is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percentage Change
Land	$ 4,328,276	$ 4,328,276	$ -	0.00%
Construction in progress	70,768,597	60,299,954	10,468,643	17.36%
Buildings & building improvements	199,504,751	178,933,366	20,571,385	11.50%
Furniture & equipment	10,719,456	10,582,054	137,402	1.30%
Land improvement	3,455,554	3,455,554	-	0.00%
Vehicles	8,792,624	8,720,113	72,511	0.83%
Subtotal	297,569,258	266,319,317	31,249,941	11.73%
Less: accumulated depreciation	109,900,805	101,623,058	8,277,747	8.15%
Total net capital assets	$ 187,668,453	$ 164,696,259	$ 22,972,194	13.95%

The District spent $31,040,028 in the capital projects fund during the year on building improvements, architectural and project manager fees related to the 2014 Bond referendum, and technology upgrades. The District also spent $212,027 in the other funds on land improvements, furniture, equipment, and vehicles during the year.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B) Long-Term Debt

At June 30, 2020 the District had total bonds payable of $136,340,000 issued for District-Wide projects. The District had energy performance contract debt in the amount of $25,800,230 as of June 30, 2020. The District has installment purchase debt for copiers in the amount of $733 as of June 30, 2020. The increase in outstanding debt primarily relates to the issuance of a serial bond in the amount of $18,005,000 and an energy performance contract of $18,746,916, offset by payments of principal of bonds payable in the amount of $12,420,000, energy performance contract principal of $ 954,750, and $6,836 of installment debt payable.

A summary of outstanding debt at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Serial bonds	$136,340,000	$130,755,000	$5,585,000
Energy performance contracts	25,800,230	8,008,064	17,792,166
Installment purchase debt	733	7,569	(6,836)
Total	$162,140,963	$138,770,633	$23,370,330

Please refer to Note 13 for further detail on long-term debt disclosures.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

A) The District issued $43,500,000 in tax anticipation notes on August 4, 2020, maturing on June 25, 2021 with an interest rate of 1.70%.

B) The general fund budget for the 2020-2021 school year was approved by the voters in the amount of $265,011,296. This is an increase of $7,575,850 or 2.94 % over the previous year's budget. The increase was primarily due to increases in salaries, security, and debt service expenses.

C) As of June 30, 2020, the District has authorized $125,158,351 for a facility improvement bond referendum that was approved by the District's residents on November 18, 2014. The District has issued $125,155,000 of this indebtedness as of June 30, 2020.

D) The District anticipates incurring additional costs due to the COVID pandemic during the 2020/21 school year. The District plans on applying for funds from FEMA and the NYS CARES funding to recoup some of the expenses.

E) The NYS Legislature has introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Middle Country Central School District
Dr. Beth Rella
Assistant Superintendent for Business
8 43rd Street
Centereach, New York 11720
(631) 285-8020

Exhibit 2

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Current assets	
Cash	
Unrestricted	$19,690,467
Restricted	44,695,568
Receivables	
State and federal aid	16,906,158
Due from other governments	443,630
Due from fiduciary fund	791,640
Accounts receivable	13,601
Inventories	56,155
Non-current assets	
Capital assets	
Not being depreciated	75,096,873
Being depreciated, net of accumulated depreciation	112,571,580
Net pension asset - proportionate share - TRS	15,571,567
TOTAL ASSETS	285,837,239
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	1,538,768
Pensions	62,194,588
Other post-employment benefits	69,386,834
TOTAL DEFERRED OUTFLOWS OF RESOURCES	133,120,190
LIABILITIES	
Payables	
Accounts payable	1,256,520
Accrued liabilities	2,191,368
Due to other governments	6,142
Due to teachers' retirement system	9,527,050
Due to employees' retirement system	1,118,506
Compensated absences payable	1,261,046
Interest payable	1,799,692
Unearned credits	
Collections in advance	104,645
Long-term liabilities	
Due and payable within one year	
Installment purchase debt payable	733
Energy performance contract payable	2,074,518
Bonds payable (inclusive of unamortized premiums)	12,525,469
Claims payable	1,200,000
Termination benefits payable	150,000
Compensated absences payable	1,250,000
Due and payable after one year	
Energy performance contract payable	23,725,712
Bonds payable (inclusive of unamortized premiums)	127,076,378
Claims payable	2,358,995
Termination benefits payable	10,160,000
Compensated absences payable	20,776,033
Total other post-employment benefits obligation	415,195,097
Net pension liability - proportionate share - ERS	18,931,080
TOTAL LIABILITIES	652,688,984
DEFERRED INFLOWS OF RESOURCES	
Pensions	22,481,926
Other post-employment benefits	85,512,988
TOTAL DEFERRED INFLOWS OF RESOURCES	107,994,914
NET POSITION (DEFICIT)	
Net investment in capital assets	48,033,668
Restricted	
Workers' compensation	3,241,228
Unemployment insurance	160,352
Insurance	1,310,176
Property loss	628,856
Liability	628,856
Retirement contribution	6,557,648
Employee benefit accrued liability	14,968,905
Debt service	149,978
	27,645,999
Unrestricted (Deficit)	(417,406,136)
TOTAL NET POSITION (DEFICIT)	($341,726,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS / PROGRAMS					
General support	($31,219,979)		$2,919		($31,217,060)
Instruction	(219,345,623)	$623,172	10,227,138	$3,058,942	(205,436,371)
Pupil transportation	(18,508,244)				(18,508,244)
Debt service - interest	(4,546,205)				(4,546,205)
Food service program	(3,540,907)	810,537	2,274,358		(456,012)
TOTAL FUNCTIONS AND PROGRAMS	($277,160,958)	$1,433,709	$12,504,415	$3,058,942	(260,163,892)
GENERAL REVENUES					
Real property taxes					125,964,577
Other tax items - including STAR reimbursement					16,711,986
Use of money & property					786,539
Sale of property & compensation for loss					148,762
Premium on obligations					515,594
Miscellaneous					1,297,070
Medicaid reimbursement					184,504
State sources					93,679,573
TOTAL GENERAL REVENUES					239,288,605
CHANGE IN NET POSITION					(20,875,287)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					(320,851,182)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					($341,726,469)

See Accompanying Notes to Financial Statements

Exhibit 4

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$19,633,585	$9,812	$47,070			$19,690,467
Restricted	27,496,021			$15,845	$17,183,702	44,695,568
Receivables						
State and federal aid	6,816,484	6,954,891	294,256		2,840,527	16,906,158
Due from other governments	442,516		1,114			443,630
Due from other funds	2,694,929		339,159	134,133	4,501,386	7,669,607
Accounts receivable	13,601					13,601
Inventories			56,155			56,155
TOTAL ASSETS	$57,097,136	$6,964,703	$737,754	$149,978	$24,525,615	$89,475,186
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts payable	$703,910	$53,596	$302,656		$196,358	$1,256,520
Accrued liabilities	2,170,638	20,730				2,191,368
Due to other governments	6,105		37			6,142
Due to other funds		6,877,967				6,877,967
Due to teachers' retirement system	9,527,050					9,527,050
Due to employees' retirement system	1,118,506					1,118,506
Compensated absences	1,261,046					1,261,046
Unearned credits						
Collections in advance			104,645			104,645
TOTAL LIABILITIES	14,787,255	6,952,293	407,338	-	196,358	22,343,244
DEFERRED INFLOWS OF RESOURCES						
State aid	2,082,056	-	-	-	-	2,082,056
FUND BALANCES						
Nonspendable: inventory			56,155			56,155
Restricted						
Workers' compensation	3,241,228					3,241,228
Unemployment insurance	160,352					160,352
Insurance	1,310,176					1,310,176
Property loss	628,856					628,856
Liability	628,856					628,856
Retirement contribution	6,557,648					6,557,648
Employee benefit accrued liability	14,968,905					14,968,905
Debt service				149,978		149,978
Unspent debt proceeds					24,229,257	24,229,257
Assigned						
Appropriated fund balance	2,400,000					2,400,000
Unappropriated fund balance	985,778	12,410	274,261		100,000	1,372,449
Unassigned	9,346,026					9,346,026
TOTAL FUND BALANCES	40,227,825	12,410	330,416	149,978	24,329,257	65,049,886
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$57,097,136	$6,964,703	$737,754	$149,978	$24,525,615	$89,475,186

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020

Total Governmental Fund Balances		$65,049,886
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$297,569,258	
Accumulated depreciation	(109,900,805)	187,668,453
Deferred inflows of resources - the Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. These amounts will be amortized in future years.		
Deferred inflows of resources related to pensions	($22,481,926)	
Deferred inflows of resources related to total OPEB obligation	(85,512,988)	(107,994,914)
Deferred outflows of resources - deferred charges on refundings - The Statement of Net Position will amortize the deferred charges received over the life of the bond. Governmental funds record the deferred charges in the year of issue. The balance on the deferred charges at June 30, 2020 was:		1,538,768
Deferred inflows of resources - state aid - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual.		2,082,056
Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits that will be recognized as expenditures in future periods amounted to:		
Deferred outflows of resources related to pensions	$62,194,588	
Deferred outflows of resources related to total OPEB obligation	69,386,834	131,581,422
Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset, proportionate share for TRS at year-end was:		15,571,567
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of:		(1,799,692)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
Installment purchase debt payable	($733)	
Energy performance contract payable	(25,800,230)	
Bonds payable (inclusive of unamortized premiums)	(139,601,847)	
Claims payable	(3,558,995)	
Termination benefits payable	(10,310,000)	
Compensated absences payable	(22,026,033)	
Total other post-employment benefits obligation	(415,195,097)	
Net pension liability-proportionate share (ERS)	(18,931,080)	(635,424,015)
Total Net Position (Deficit)		($341,726,469)

See Accompanying Notes to Financial Statements

Exhibit 6

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$125,964,577					$125,964,577
Other tax items - including STAR reimbursement	16,711,986					16,711,986
Charges for services	1,493,172					1,493,172
Use of money and property	580,516		$113	$205,910		786,539
Sale of property and compensation for loss	148,762					148,762
Miscellaneous	1,297,070					1,297,070
State sources	92,870,326	$6,653,306	73,672		$3,058,942	102,656,246
Federal sources	187,423	3,573,832	1,860,019			5,621,274
Surplus food			340,667			340,667
Sales			810,537			810,537
TOTAL REVENUES	239,253,832	10,227,138	3,085,008	205,910	3,058,942	255,830,830
EXPENDITURES						
General support	23,361,008					23,361,008
Instruction	128,381,336	10,210,163				138,591,499
Pupil transportation	15,513,962	542,890				16,056,852
Employee benefits	59,784,669					59,784,669
Debt service principal	13,374,750					13,374,750
Debt service interest	4,439,975					4,439,975
Cost of sales			3,500,991			3,500,991
Capital outlay					31,040,028	31,040,028
TOTAL EXPENDITURES	244,855,700	10,753,053	3,500,991	-	31,040,028	290,149,772
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,601,868)	(525,915)	(415,983)	205,910	(27,981,086)	(34,318,942)
OTHER FINANCING SOURCES AND (USES)						
Premiums on obligations	243,710			271,884		515,594
Proceeds from issuance of serial bonds					18,005,000	18,005,000
Proceeds from energy performance contract					18,746,916	18,746,916
Operating transfers in	2,275,000	522,176	58,046		50,000	2,905,222
Operating transfers (out)	(630,222)			(2,275,000)		(2,905,222)
TOTAL OTHER FINANCING SOURCES AND (USES)	1,888,488	522,176	58,046	(2,003,116)	36,801,916	37,267,510
NET CHANGE IN FUND BALANCES	(3,713,380)	(3,739)	(357,937)	(1,797,206)	8,820,830	2,948,568
FUND BALANCES - BEGINNING OF YEAR	43,941,205	16,149	688,353	1,947,184	15,508,427	62,101,318
FUND BALANCES - END OF YEAR	$40,227,825	$12,410	$330,416	$149,978	$24,329,257	$65,049,886

See Accompanying Notes to Financial Statements

Exhibit 7

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances		$2,948,568
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long Term Revenue and Expense Differences		
Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2020 is		809,247
In the Statement of Activities certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.		
Decrease in claims payable		159,561
Increase in termination benefits payable		(40,000)
Increase in compensated absences		(2,708,934)
Changes in the proportionate share of net pension asset/liability and the total other post-employment benefits obligation and the related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	($9,975,781)	
Employees' retirement system	(3,373,692)	
Other post-employment benefits obligation	(7,319,890)	(20,669,363)
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	$31,252,055	
Depreciation expense	(8,279,861)	22,972,194
Long-Term Debt Transactions		
Interest on long-term debt in the Statement of Activities is different from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities interest expense is recognized as it accrues regardless of when it is due. Accrued interest from June 30, 2019 to June, 2020 changed by:		(307,423)
Governmental funds reports the premiums, discounts and similar items when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Amortization on the 2019 bond premium	$42,669	
Amortization on the 2013 and 2016 bond refunding premiums	397,800	
Amortization on the 2013 and 2016 deferred charges on refundings	(239,276)	201,193
Proceeds from energy performance contract is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(18,746,916)
Proceeds from serial bonds is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(18,005,000)
Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		954,750
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		12,420,000
Repayment of installment purchase debt principal is an expenditure in the governmental fund, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		6,836
Repayment of library bond principal is a source of revenue in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and doesn't affect the Statement of Activities.		(870,000)
Change in Net Position		($20,875,287)

See Accompanying Notes to Financial Statements

Exhibit 8

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash - restricted	$983,725	$1,857,697
Other assets		15,186
TOTAL ASSETS	$983,725	$1,872,883
LIABILITIES		
Due to governmental funds	$6,802	$784,838
Extraclassroom activity balance		156,120
Other liabilities		931,925
TOTAL LIABILITIES	6,802	$1,872,883
NET POSITION		
Restricted for scholarships	976,923	
TOTAL NET POSITION	976,923	
TOTAL LIABILITIES AND NET POSITION	$983,725	

See Accompanying Notes to Financial Statements

Exhibit 9

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund
ADDITIONS	
Gifts and contributions	$3,490
Interest and earnings	3,651
TOTAL ADDITIONS	7,141
DEDUCTIONS	
Scholarships and awards	8,750
CHANGE IN NET POSITION	(1,609)
NET POSITION - BEGINNING OF YEAR	978,532
NET POSITION- END OF YEAR	$976,923

See Accompanying Notes to Financial Statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Middle Country Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) prescribes those principles, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A) Reporting entity:

The laws of New York State govern the District. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. Inclusion of 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 is a brief description of certain entities included in the District's reporting entity.

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 as an agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Fund. Separate audited financial statements (cash basis) 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 Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

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

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

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

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

The District reports the following fiduciary funds:

Fiduciary Funds: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

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

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.

D) Measurement focus and basis of accounting:

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, 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.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year 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, termination benefits, compensated absences, net pension liabilities, and total other post-employment benefits obligations which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. Taxes are collected by the Town of Brookhaven during the period December 1, 2019 to June 30, 2020 without penalty.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the "County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the

intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund transactions:

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

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

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

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

H) Estimates:

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

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventories and prepaid items:

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

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

A reserve for these non-liquid assets (inventory) has been recognized in the school lunch fund as non-spendable under GASB Statement No. 54 to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items as of June 30, 2020.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	$ 15,000	Straight-line	50 years
Furniture & equipment	$ 5,000	Straight-line	5-20 years
Land improvements	$ 15,000	Straight-line	20 years
Vehicles	$ 5,000	Straight-line	8 years

M) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2020 consisted of amounts received in advance for meals that have not yet been purchased in the school lunch fund.

N) Deferred inflows and outflows of resources:

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and the total other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 17 respectively.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. These amounts are related to deferred charges on refundings, pensions and the total other post-employment benefits liability which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13, 15 and 17.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. Due to the COVID-19 pandemic and revenue losses suffered by the State of New York, New York mandated a 20% withholding of certain state aid allocations due to the District at June 30, 2020. In the Governmental Funds Balance Sheet, the general fund reported $809,247 of this state aid due, as unavailable revenue, and $1,272,809 in other state aid that will be paid to the District when funds become available at the state level, for a total of $2,082,056 in unavailable revenues.

O) Vested employee benefits:

Compensated absences:

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

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

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

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

In the Fund Financial Statements only the amount of matured liabilities for those employees that have obligated themselves to separate from service with the District by June 30th is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Termination benefits:

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

In the Fund Financial Statements only the amount of matured liabilities for those employees that have obligated themselves to separate from service with the District by June 30th is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The 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 payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) Short-term debt:

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. See Note 12 for more information on short-term debt.

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, termination benefits, compensated absences, net pension liability, and total other post-employment benefits obligation that will be paid from governmental funds, are reported as a liability in the Fund Financial Statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

S) **Equity classifications:**

i) District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net 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 acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred charges on refundings).

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

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

ii) Fund Financial Statements:

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

(1) **Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of $ 56,155.

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

The District has classified the following as restricted:

Workers' Compensation Reserve:

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

fiscal year's budget. This reserve is accounted for in the general fund under restricted fund balance.

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. This reserve is accounted for in the general fund under restricted fund balance.

Insurance Reserve:

Insurance reserve (GML§6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve however the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund under restricted fund balance.

Property Loss Reserve and Liability Reserve:

Property loss reserve and liability reserve (Education Law §1709(8)(c)) must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not exceed in total 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Retirement Contribution Reserve:

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing

retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve:

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

Debt Service:

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent debt proceeds:

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

Scholarships:

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

(3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2020.

(4) **Assigned fund balance** – includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The District has established a Fund Balance policy that allows the Board of Education to set forth

the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

(5) **Unassigned fund balance** – includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation.

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

T) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

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

These are the statements that the District feels may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations for the fiscal year ending June 30, 2020.

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

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

B) Encumbrances:

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

NOTE 4 –DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

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

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

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

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

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2020 included $44,695,568 within the governmental funds for general reserve purposes, debt service and capital projects, and $2,841,422 within the fiduciary funds.

Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2020, the District was billed $14,161,841 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,422,368. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2020 consisted of the following:

General Fund	
General aid	$1,371,207
Excess cost aid	2,749,962
BOCES aid	2,661,943
Medicaid reimbursement	33,372
Total	6,816,484
Special Aid Fund	
State and federal grants	6,954,891
Total	6,954,891
Capital Projects Fund	
Smart Schools Bond Act funds	2,840,527
Total	2,840,527
School Lunch Fund	
Lunch - federal aid	175,309
Lunch - state aid	3,017
Breakfast - federal aid	110,827
Breakfast - state aid	5,103
Total	294,256
Total State and federal aid receivable	$16,906,158

The general fund state aid receivable includes $809,247 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet. District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General Fund	
Interest on real property taxes	$ 7,039
New York State Diesel fuel tax refund	1,367
Tuition and health services billings	434,110
Total general fund	442,516
School Lunch fund	
Middle Country Extraclassroom for sales and use tax paid	1,114
Total Due From Other Governments	$ 443,630

District management has deemed these amounts to be fully collectible.

NOTE 8 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 4,328,276	$ -	$ -	$ 4,328,276
Construction in progress	60,299,954	10,468,643		70,768,597
Total capital assets that are not depreciated	64,628,230	10,468,643	-	75,096,873
Capital assets that are depreciated:				
Building & building improvements	178,933,366	20,571,385		199,504,751
Furniture & equipment	10,582,054	139,516	(2,114)	10,719,456
Land improvement	3,455,554			3,455,554
Vehicles	8,720,113	72,511		8,792,624
Total capital assets that are depreciated	201,691,087	20,783,412	(2,114)	222,472,385
Less accumulated depreciation:				
Building & building improvements	85,880,712	7,049,477		92,930,189
Furniture & equipment	7,403,543	572,199	(2,114)	7,973,628
Land improvement	3,021,280	175,304		3,196,584
Vehicles	5,317,523	482,881		5,800,404
Total accumulated depreciation	101,623,058	8,279,861	(2,114)	109,900,805
Total capital assets being depreciated, net	100,068,029	12,503,551	-	112,571,580
Total capital assets, net	$ 164,696,259	$ 22,972,194	$ -	$ 187,668,453

Depreciation expense was charged to governmental functions as follows:

General support	$ 573,012
Instruction	7,177,476
Transportation	477,170
Food service program	52,203
Total	$ 8,279,861

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	$ 2,694,929		$ 2,275,000	$ 630,222
Special aid fund		$ 6,877,967	522,176	
School lunch fund	339,159		58,046	
Debt service fund	134,133			2,275,000
Capital projects fund	4,501,386		50,000	
Total government activities	7,669,607	6,877,967	2,905,222	2,905,222
Fiduciary agency fund		784,838		
Private purpose fund		6,802		
Totals	$ 7,669,607	$ 7,669,607	$ 2,905,222	$ 2,905,222

The District typically transfers from the general fund to the special aid fund to fund the District's share of summer school handicap expenses required by State Law and to fund the State Supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover the negative balances on students who owe money to the District for meals. The District transferred from the general fund to the capital projects fund to finance a capital project. The District transferred from the debt service fund to the general fund to partially fund debt service payments.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

NOTE 10 –COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2020 consisted of:

School lunch fund	
Prepaid meals	$ 104,645
Total Collections in Advance	$ 104,645

NOTE 11 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2020 consisted of the following:

General fund	
Overpayment of state aid	$ 4,369
Interest on real property tax due to Middle Country Public Library	1,736
Total General fund	6,105
School lunch fund	
Sales tax payable	37
Total Due to Other Governments	$ 6,142

NOTE 12 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2020	2.0000%	$ -	$ 38,500,000	$ 38,500,000	$ -
Total			$ -	$ 38,500,000	$ 38,500,000	$ -

The TAN was issued to finance general fund operations. Interest on short-term debt for the year was $622,417.

NOTE 13 – LONG-TERM LIABILITIES:

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

	Beginning Balance*	Issued	Redeemed	Ending Balance	Due Within One Year
Bonds payable					
Construction serial bonds	$ 130,755,000	$ 18,005,000	$ 12,420,000	$ 136,340,000	$ 12,085,000
Plus: unamortized premiums on bonds	3,702,316		440,469	3,261,847	440,469
	134,457,316	18,005,000	12,860,469	139,601,847	12,525,469
Other long-term liabilities:					
Installment purchase debt payable	7,569	-	6,836	733	733
Energy performance contract payable	8,008,064	18,746,916	954,750	25,800,230	2,074,518
Claims payable	3,718,556	1,432,971	1,592,532	3,558,995	1,200,000
Termination benefits payable	10,270,000	190,000	150,000	10,310,000	150,000
Compensated absences payable	19,317,099	4,337,360	1,628,426	22,026,033	1,250,000
Total other post-employment benefits obligation	369,083,578	88,794,625	42,683,106	415,195,097	
Net pension liability-proportionate share	5,265,355	16,889,193	3,223,468	18,931,080	
Total long-term liabilities	$ 550,127,537	$ 148,396,065	$ 63,099,587	$ 635,424,015	$ 17,200,720

*Certain reclassifications have been made to beginning balances to conform to the 2020 presentation.

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

A) Bonds Payable

Bonds payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Construction serial bond	4/21/2016	7/15/2028	1.00-5.00%	$6,290,000
Construction serial bond	3/20/2013	6/30/2027	2.00-4.00%	17,770,000
Construction serial bond	8/24/2016	8/15/2033	2.00%	27,400,000
Construction serial bond	8/15/2017	8/15/2033	2.00-3.00%	41,000,000
Construction serial bond	1/23/2019	1/15/2034	3.00%	25,875,000
Construction serial bond	9/4/2019	9/1/1934	1.50-2.00%	18,005,000
				$136,340,000

On September 4, 2019, $18,005,000 in general obligation bonds with an interest rate of 1.5-2.00% were issued to fund capital bond projects.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	$ 12,085,000	$ 3,653,154	$ 15,738,154
2022	12,315,000	3,160,412	15,475,412
2023	12,500,000	2,831,250	15,331,250
2024	12,765,000	2,489,775	15,254,775
2025	12,120,000	2,145,575	14,265,575
2026-2030	47,105,000	6,457,213	53,562,213
2031-2035	27,450,000	1,362,750	28,812,750
	$ 136,340,000	$ 22,100,129	$ 158,440,129

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

B) Energy Performance Contracts Payable

Energy performance contracts payable are composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Contract	8/5/2011	10/15/2026	3.39%	$ 7,053,314
Energy Performance Contract	2/12/2020	2/1/2035	2.11%	18,746,916
				$ 25,800,230

An energy performance contract was entered into on February 12, 2020 in the amount of $18,746,916. The interest rate is 2.11% and payable over 15 years. The contract is for renewable energy including solar installations, exterior and interior lighting retrofits, heating and HVAC equipment replacement and pipe and valve insulations.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	$ 2,074,518	$ 607,265	$ 2,681,783
2022	2,117,680	564,102	2,681,782
2023	2,175,861	505,922	2,681,783
2024	2,235,729	446,053	2,681,782
2025	2,297,336	384,446	2,681,782
2026-2030	7,988,687	1,156,523	9,145,210
2030-2035	6,910,419	407,492	7,317,911
	$ 25,800,230	$ 4,071,803	$ 29,872,033

C) Installment Debt

Installment debt is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Copiers	Various	Various	N/A	$733

The following is a summary of the maturing debt service requirements of installment purchase debt:

June 30,	Principal	Total
2021	$733	$733
	$733	$733

D) Long-Term Interest

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

	Total
Interest paid	$ 3,817,558
Less interest accrued in the prior year	(1,492,269)
Plus interest accrued in the current year	1,799,692
Plus amortization of the deferred charges	239,276
Less amortization of bond premiums	(440,469)
Total expense	$ 3,923,788

E) Premiums on Bonds:

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to $3,261,847 at June 30, 2020. This represents premiums received on the January 2019 bond issuance, and on the 2013 and 2016 bond refundings. These premiums are being amortized using the straight-line method over the life of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

Unissued Debt

As of June 30, 2020 the District has authorized indebtedness in the amount of $ 125,158,351 to undertake a district wide facilities improvement and bus and equipment acquisition project. Serial bonds were issued on August 24, 2016 in the amount of $32,000,000, August 15, 2017 in the amount of $47,000,000, January 23, 2019 in the amount of $28,150,000, and $18,005,000 on September 4, 2019, leaving authorized but unissued debt in the amount of $3,351 at June 30, 2020. The District considers this authorization complete.

NOTE 14 –DEFERRED OUTFLOWS OF RESOURCES –DEERRED CHARGES ON REFUNDINGS:

Deferred changes on refunding result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred charged pertaining to the 2013 and 2016 bond refundings recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2020 consisted of the following:

2013 Bond refunding	
Initial deferred charges on refunding	$ 2,697,877
Amortization to date	(1,466,237)
Total deferred charges -2013, net of amortization	1,231,640
2016 Bond refunding	
Initial deferred charges on refunding	467,853
Amortization to date	(160,725)
Total deferred charges -2016, net of amortization	307,128
Total deferred charges, net of amortization	$ 1,538,768

The deferred charges are being amortized, as a component of interest expense on the District-Wide Financial Statements using the straight-line method over 15 years and 14 years for the 2013 and 2016 bond refunding, respectively, the time to maturity of the refunded bonds, at the point of refunding.

NOTE 15 – PENSION PLANS:

A) Plan description and benefits provided:

i) Teachers' Retirement System

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

ii) Employees' Retirement System

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

B) Funding policies:

The Systems are noncontributory, except as follows:

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

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2020 for covered payroll was 21.2% for Tier 1, 19.4% for Tier 2, 15.8% for Tiers 3 &4, 13.2% for Tier 5, and 9.3% for Tier 6

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2020 was 8.86% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2020	$ 3,342,737	$ 9,051,162
2019	$ 3,169,360	$ 10,621,153
2018	$ 3,031,707	$ 9,437,216

C) **Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to 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 March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation, with update procedures used to roll forward the total pension liability. The District's proportion of the net pension 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 ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	($18,931,080)	$15,571,567
District's portion of the Plan's total net pension liability	0.0714904%	0.599366%
Change in proportion since prior measurement date	-0.0000628%	0.008180%

For the fiscal year ended June 30, 2020, the District recognized pension expense of $6,716,351 for ERS and a pension expense of $19,042,415 for TRS. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$1,114,171	$10,552,454	$-	$1,157,931
Net difference between projected and actual earnings on pension plan investments	9,704,992	-	-	12,487,594
Changes of assumptions	381,182	29,416,773	329,144	7,172,642
Changes in proportion and differences between the District's contributions and proportionate share of contributions	677,747	177,601	141,007	1,193,608
District's contributions subsequent to the measurement date	1,118,506	9,051,162	-	-
	$12,996,598	$49,197,990	$470,151	$22,011,775

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

	ERS	TRS
Fiscal year ended:		
2021	$ 2,017,414	$ 6,830,290
2022	2,889,633	232,502
2023	3,629,228	6,804,755
2024	2,871,666	4,478,502
2025	-	397,196
Thereafter		(608,192)
	$ 11,407,941	$ 18,135,053

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:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.20%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.3%, annually
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

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

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Valuation Date	ERS April 1, 2019		TRS June 30, 2018	
Asset type	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bonds and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income securities			16%	1.3%
Global fixed income securities			2%	0.9%
High-yield fixed income securities			1%	3.6%
Private debt			1%	6.5%
Real estate debt			7%	2.9%
Short-term			1%	0.3%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS, and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

6.10% for TRS) or 1-percentage-point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension asset (liability)	($34,743,876)	($18,931,080)	($4,367,427)

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset (liability)	($70,288,428)	$15,571,567	$87,598,414

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation date	April 1, 2019	June 30, 2018
Employers' total pension liability	$ (194,596,261)	$ (119,879,474)
Plan Net Position	168,115,682	122,477,481
Employers' net pension asset/(liability)	$ (26,480,579)	$ 2,598,007
Ratio of plan net position to the Employers' total pension asset/(liability)	86.39%	102.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. 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 wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $1,118,506.

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, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended

June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to $9,527,050.

NOTE 16 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020 totaled $1,048,436 and $5,404,227 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled $284,487.

NOTE 17 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and all active employees and retirees are covered by either the Empire Plan or Emblem HMO. A small number of retirees also receive dental and life insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 100% of premiums for retirees, between 35% and 90% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2020, the District contributed an estimated $11,755,003 to the Plan, including $11,755,003

for current premiums and $0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	1,103
Inactive employees entitled to but not yet receiving benefit payments	7
Active employees	1,231
	2,341

B) Total OPEB Liability:

The District's total OPEB liability of $415,195,097 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Discount rate	2.66%
Healthcare cost trend rates	8.00% decreasing to 4.5% by 2028
Retirees' share of benefit-related costs	0% to 50% of projected health insurance premiums for retirees, 10% to 65% for family coverage, and 100% for surviving spouse

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for general employees, SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully general using Scale MP-2019 for teacher employees and retirees, and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Some assumptions used in this valuation are based on NYSTRS and NYSERS valuation assumptions and as they are updated, those updates will be reflected in this valuation as well.

C) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2019	$ 369,083,578
Changes for the fiscal year:	
Service cost	11,348,199
Interest	13,148,634
Changes of benefit terms	-
Differences between expected and actual experience	(30,928,103)
Changes in assumptions or other inputs	64,297,792
Benefit payments	(11,755,003)
Net changes	46,111,519
Balance at June 30, 2020	$ 415,195,097

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs include a decrease in the discount rate from 3.51% at the June 30, 2019 measurement date to 2.66% at the June 30, 2020 measurement date, as well as a change to the healthcare trend rates to an annual trend of 8% instead of 8.5%, and updating the mortality table from SOA RPH-2014 Total Dataset Mortality Table fully generational using Scape MP-2014 to those mentioned previously.

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 (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	$486,422,718	$415,195,097	$358,420,919

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 (7.00%) or 1-percentage-point higher (9.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Total OPEB liability	$348,780,210	$415,195,097	$501,627,643

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense (credit) of $19,074,892. At June 30, 2020, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (85,512,988)
Changes of assumptions or other inputs	69,386,834	-
	$ 69,386,834	$ (85,512,988)

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

Fiscal Year ended June 30:	
2021	$ (5,421,941)
2022	(5,421,941)
2023	(5,421,941)
2024	(5,421,941)
2025	5,561,610
Thereafter	-
	$ (16,126,154)

NOTE 18 – TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain administrators and teachers through their employment contracts and to unaffiliated staff through a Board of Education policy. In general, for teachers and certain administrators, a retirement incentive of $15,000 is available to those who have been in the employ of the District for at least ten years and who retire on the July 1st following his/her 55th birthday. For other administrators, a retirement incentive of $15,000 is available to those who retire from the District and the New York State Teachers Retirement System and who have been in the employ of the District in the capacity as an administrator for at least five years. Unaffiliated staff employed by the District for at least five years are entitled to a $10,000 retirement incentive. The current value of incentive payments earned for approximately 694 employees is $10,310,000 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 19 – RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2020. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool. As of June 30, 2020, the District has reserves for property loss and liability totaling $1,257,712.

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 reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for unpaid claims which were incurred on or before year but not reported (IBNR). As of June 30, 2020, the District has recorded potential workers' compensation claims of $3,558,995 and has a workers' compensation reserve balance of $3,241,228.

Claims activity for the current and preceding year is summarized below.

	2020	2019
Unpaid claims at beginning of year	$ 3,718,556	$ 3,806,699
Incurred claims and claim adjustment expenses	1,432,971	1,553,375
Claims payments	(1,592,532)	(1,641,518)
Unpaid claims at year end	$ 3,558,995	$ 3,718,556

NOTE 20 - TAX ABATEMENTS:

The Town of Brookhaven Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 892, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by $1,131,615 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling $169,484 for these programs during the fiscal year.

NOTE 21 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

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

General Fund	
General support	$283,642
Instructional	645,341
Transportation	13,581
Employee benefits	43,214
	$985,778
School Lunch Fund	
Food service program	$96,429
Capital Projects Fund	
Capital projects	$7,294,658

B) Grants:

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

C) Litigation:

The District is involved in litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

NOTE 22 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management noted the following subsequent events requiring disclosure:

A) COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic, due to the rapid increase in global exposure. The full impact of this pandemic is still evolving as of the date of this report; however, COVID-19 has interrupted District operations and financial performance. The future performance both operationally and financially will depend upon the duration and spread of the disease, the effect on students, employees, residents, and vendors, as well as federal and state funding, all of which are uncertain and cannot be estimated at this time.

The District plans on applying for funds from FEMA and the NYS CARES funding to recoup some of the additional expenses that will be incurred in the 2020-2021 school year relating to the pandemic.

B) Tax Anticipation Note:

The District issued $43,500,000 in tax anticipation notes on August 4, 2020, maturing on June 25, 2021 with an interest rate of 1.7%.

SUPPLEMENTARY INFORMATION

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	$124,645,259	$124,498,259	$125,964,577	$1,466,318
Other real property tax items	18,008,429	18,008,429	16,711,986	(1,296,443)
Charges for services	956,051	956,051	1,493,172	537,121
Use of money & property	330,000	330,000	580,516	250,516
Sale of property & compensation for loss	135,000	135,000	148,762	13,762
Miscellaneous	928,000	928,000	1,297,070	369,070
State sources				
Basic formula	84,103,634	66,959,250	57,368,572	(9,590,678)
Excess cost aid		17,291,384	17,305,177	13,793
Lottery aid	12,998,416	12,998,416	14,521,691	1,523,275
BOCES aid	2,792,318	2,792,318	2,422,368	(369,950)
Tuition aid			230,470	230,470
Textbook aid	568,229	568,229	554,482	(13,747)
Computer software aid	264,863	264,863	278,027	13,164
Library A/V loan program aid	56,661	56,661	55,657	(1,004)
Other state aid			133,882	133,882
Federal sources	215,000	215,000	187,423	(27,577)
TOTAL REVENUES	246,001,860	246,001,860	239,253,832	(6,748,028)
Other financing sources				
Premium on Obligations -TAN			243,710	243,710
Transfers from other funds			2,275,000	2,275,000
TOTAL REVENUE AND OTHER FINANCING SOURCES	246,001,860	246,001,860	$241,772,542	($4,229,318)
Appropriated fund balance	2,400,000	2,400,000		
Appropriated reserves	9,686,342	9,686,342		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	$258,088,202	$258,088,202		

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.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	$124,637	$140,918	$109,732		$31,186
Central administration	469,458	519,143	508,184	$66	10,893
Finance	1,914,181	2,030,780	1,834,958	44,203	151,619
Staff	2,831,152	2,817,614	1,907,390	48,500	861,724
Central services	17,324,144	18,053,312	16,588,833	190,873	1,273,606
Special items	2,816,291	2,790,291	2,411,911		378,380
Total general support	25,479,863	26,352,058	23,361,008	283,642	2,707,408
Instructional					
Instruction, adm. & imp.	7,288,623	7,549,828	7,214,236	3,231	332,361
Teaching - regular school	75,399,031	73,127,702	71,579,620	79,403	1,468,679
Programs for children with handicapping conditions	34,371,973	35,416,655	33,197,200	491,124	1,728,331
Occupational education	4,305,557	4,267,658	4,132,518	2,025	133,115
Teaching special schools	492,376	502,876	465,493	585	36,798
Instructional media	3,774,482	3,777,657	3,624,189	25,461	128,007
Pupil services	8,521,355	8,542,280	8,168,080	43,512	330,688
Total instructional	134,153,397	133,184,656	128,381,336	645,341	4,157,979
Pupil transportation	15,597,546	15,623,352	15,513,962	13,581	95,809
Employee benefits	64,022,439	64,093,179	59,784,669	43,214	4,265,296
Debt service					
Debt service principal	13,374,751	13,441,485	13,374,750		66,735
Debt service interest	5,002,559	4,763,250	4,439,975		323,275
Total debt service	18,377,310	18,204,735	17,814,725	-	390,010
TOTAL EXPENDITURES	257,630,555	257,457,980	244,855,700	985,778	11,616,502
Other financing uses					
Transfers to other funds	457,647	630,222	630,222	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$258,088,202	$258,088,202	245,485,922	$985,778	$11,616,502
NET CHANGE IN FUND BALANCE			(3,713,380)		
FUND BALANCE - BEGINNING OF YEAR			43,941,205		
FUND BALANCE - END OF YEAR			$40,227,825		

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.

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,

	2020	2019	2018
Total OPEB Liability			
Service cost	$11,348,199	$11,463,774	$14,477,166
Interest	13,148,634	15,317,410	14,943,506
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(30,928,103)	(54,564,408)	(40,885,768)
Changes of assumptions or other inputs	64,297,792	18,821,760	5,700,629
Benefit payments	(11,755,003)	(12,461,546)	(13,220,032)
Net change in total OPEB liability	46,111,519	(21,423,010)	(18,984,499)
Total OPEB liability - beginning	369,083,578	390,506,588	409,491,087
Total OPEB liability - ending	$415,195,097	$369,083,578	$390,506,588
Covered-employee payroll	$121,730,117	$122,363,908	$118,447,436
Total OPEB liability as a percentage of covered-employee payroll	341.08%	301.63%	329.69%

Notes to Schedule:

Trust Assets

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

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.66%
2019	3.51%
2018	3.87%
2017	3.58%

For 2020, changes of assumptions also includes a change to the healthcare trend rates to an annual trend of 8% instead of 8.5%, and updating the mortality tables.

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) / ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, *

NYSERS Pension Plan

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability)	0.0714904%	0.0743137%	0.0727740%	0.0723576%	0.0724680%	0.0702476%	0.0702476%
District's proportionate share of the net pension (liability)	($18,931,080)	($5,265,355)	($2,348,740)	($6,798,881)	($11,631,318)	($2,373,137)	($3,174,392)
District's covered payroll	$23,560,919	$23,116,132	$22,546,913	$20,853,069	$20,258,173	$20,610,016	$19,402,005
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	80.35%	22.78%	10.42%	32.60%	57.42%	11.51%	16.36%
Plan fiduciary net position as a percentage of the total pension (liability)	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NYSTRS Pension Plan

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) / asset	0.599366%	0.591186%	0.586609%	0.590947%	0.588572%	0.568047%	0.549144%
District's proportionate share of the net pension (liability) / asset	$15,571,567	$10,690,204	$4,458,813	($6,329,288)	$61,133,877	$63,276,929	$3,614,762
District's covered payroll	$101,942,899	$97,000,252	$93,524,270	$91,705,091	$89,868,630	$84,779,765	$81,727,453
District's proportionate share of the net pension (liability) / asset as a percentage of its covered payroll	15.27%	11.02%	4.77%	6.90%	68.03%	74.64%	4.42%
Plan fiduciary net position as a percentage of the total pension (liability) / asset	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 3,342,737	$ 3,169,360	$ 3,031,707	$ 2,966,365	$ 3,408,900	$ 3,685,597	$ 3,585,625	$ 3,685,462	$ 3,018,004	$ 1,963,606
Contributions in relation to the contractually required contribution	3,342,737	3,169,360	3,031,707	2,966,365	3,408,900	3,685,597	3,585,625	3,685,462	3,018,004	1,963,606
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,574,095	$ 23,230,601	$ 22,834,793	$ 21,281,289	$ 20,492,506	$ 20,868,392	$ 19,659,888	$ 19,225,854	$ 19,188,111	$ 19,333,327
Contributions as a percentage of covered payroll	14.18%	13.64%	13.28%	13.94%	16.63%	17.66%	18.24%	19.17%	15.73%	10.16%

NYSTRS Pension Plan

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 9,051,162	$ 10,621,153	$ 9,437,216	$ 10,894,707	$ 12,091,668	$ 15,498,537	$ 13,635,283	$ 9,523,829	$ 9,034,941	$ 7,222,483
Contributions in relation to the contractually required contribution	9,051,162	10,621,153	9,437,216	10,894,707	12,091,668	15,498,537	13,635,283	9,523,829	9,034,941	7,222,483
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 102,367,668	$ 101,942,899	$ 97,000,252	$ 93,524,270	$ 91,705,091	$ 89,868,630	$ 84,779,765	$ 81,727,453	$ 82,508,215	$ 85,615,787
Contributions as a percentage of covered payroll	8.84%	10.42%	9.73%	11.65%	13.19%	17.25%	16.08%	11.65%	10.95%	8.44%

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$257,435,446
Add: prior year's encumbrances	652,756
Original budget	258,088,202
Budget revision:	-
Final budget	$258,088,202

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020 - 2021 voter-approved expenditure budget		$265,011,296
Maximum allowed (4% of 2020-21 budget)		$10,600,452
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$3,385,778	
Unassigned fund balance	9,346,026	
Total unrestricted fund balance		$12,731,804
Less:		
Appropriated fund balance	$2,400,000	
Encumbrances included in assigned fund balance	985,778	
Total adjustments		3,385,778
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$9,346,026
Actual percentage		3.53%

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2020

Project Title	Proj. #	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Year's	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State and Federal Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2020
2015 Bond Project												
District Wide Bond Project	**	$ 2,179,131	$ 771,467	$ 32,076	$ 330	$ 32,406	$ 739,061	847,734	$ -	$ -	$ 847,734	$ 815,328
District Wide Doors	7999008	5,109,809	6,069,176	3,288,397	1,995,737	5,284,134	785,042	6,069,176			6,069,176	785,042
District Wide Security Project	7999007	2,019,333	138,033	73,494	7,974	81,468	56,565	138,033			138,033	56,565
District Wide Network Equipment	**	797,300	756,948	756,948		756,948	-	756,948			756,948	-
Dawnwood MS Roof/Renov	0008021	9,204,561	4,119,554	3,995,034	5,904	4,000,938	118,616	4,119,554			4,119,554	118,616
NHS Roof/Track Resurface	0006021	4,466,303	4,349,253	4,349,253		4,349,253	-	4,349,253			4,349,253	-
New Lane Café/Library/Renov	0016014	674,162	815,442	803,707		803,707	11,735	815,442			815,442	11,735
BPS Windows	0005013	796,605	723,690	722,690	1,000	723,690	-	723,690			723,690	-
BPS Building Renovation # 1	0005014	149,000	654,385	637,473	16,912	654,385	-	654,385			654,385	-
Auer Windows	0013012	1,059,175	995,972	994,942	1,030	995,972	-	995,972			995,972	-
Auer Building Renovation # 1	0013015	172,000	1,154,859	1,112,324	42,535	1,154,859	-	1,154,859			1,154,859	-
Hawkins Windows	0009011	1,319,224	1,245,757	1,243,943	1,814	1,245,757	-	1,245,757			1,245,757	-
Hawkins Building Renovation # 1	0009012	202,141	1,300,986	1,256,608	44,378	1,300,986	-	1,300,986			1,300,986	-
Holbrook Windows	0002016	1,089,686	1,184,383	1,132,458	51,925	1,184,383	-	1,184,383			1,184,383	-
Holbrook Building Renovation # 1	0002015	130,455	1,087,958	1,056,999	30,959	1,087,958	-	1,087,958			1,087,958	-
North Coleman Windows	0011015	1,206,685	927,115	872,954	54,161	927,115	-	927,115			927,115	-
North Coleman Building Renovation # 1	0011016	139,695	1,251,952	1,219,523	32,429	1,251,952	-	1,251,952			1,251,952	-
Oxhead Windows	0001019	1,219,686	1,670,636	1,451,372	219,264	1,670,636	-	1,670,636			1,670,636	-
Oxhead Building Renovation # 1	0001021	204,000	1,384,755	1,301,816	82,939	1,384,755	-	1,384,755			1,384,755	-
Oxhead Boiler	0001020	188,000	647,694	644,965	2,729	647,694	-	647,694			647,694	-
Unity Windows	0003014	1,387,205	1,392,008	1,392,008		1,392,008	-	1,392,008		$0,000	1,442,008	50,000
Unity Building Renovation # 1	0003015	246,500	1,162,420	1,142,191	20,229	1,162,420	-	1,162,420			1,162,420	-
Stagecoach Windows	0012012	1,219,686	1,417,291	1,361,195	56,096	1,417,291	-	1,417,291			1,417,291	-
Stagecoach Building Renovation # 1	0012011	155,423	757,001	709,954	30,398	740,352	16,649	757,001			757,001	16,649
Jericho Windows	0014012	1,101,685	1,020,655	982,173	38,482	1,020,655	-	1,020,655			1,020,655	-
Jericho Building Renovation # 1	0014011	163,055	1,066,592	1,026,955	39,637	1,066,592	-	1,066,592			1,066,592	-
New Lane Windows	0016016	1,697,076	1,844,748	1,768,359	76,389	1,844,748	-	1,844,748			1,844,748	-
New Lane Building Renovation #1	0016019	167,500	1,629,219	886,936	742,283	1,629,219	-	1,629,219			1,629,219	-
New Lane Boiler	0016015	105,950	443,234	439,729	3,505	443,234	-	443,234			443,234	-
New Lane Generator	0016018	333,000	346,641	13,103	373	13,476	333,165	346,641			346,641	333,165
Dawnwood MS Windows	0008022	2,632,685	2,063,489	207,620	11,431	219,051	1,844,438	2,063,489			2,063,489	1,844,438
Dawnwood MS Building Renovation # 1	0008020	413,300	5,218,525	4,204,944	680,318	4,885,262	333,263	5,218,525			5,218,525	333,263
Dawnwood MS Building Phase 3	0008025	-	1,318,337	37,408	639,463	676,871	641,466	1,318,337			1,318,337	641,466
Selden MS Windows	0010022	2,415,685	2,517,409	640,674	1,609,344	2,250,018	267,391	2,517,409			2,517,409	267,391
Selden MS Building Renovation #1	0010021	631,170	2,855,765	2,672,823	138,151	2,810,974	44,791	2,855,765			2,855,765	44,791
Selden MS Building Renovation #2	0010023	3,605,920	3,467,102	2,846,198	490,792	3,336,990	130,112	3,467,102			3,467,102	130,112
Selden Boiler	0010020	195,425	725,805	723,054	2,751	725,805	-	725,805			725,805	-
Newfield HS Windows	0006026	3,826,185	3,672,164	2,491,285	791,812	3,283,097	389,067	3,672,164			3,672,164	389,067
Newfield HS Building Renovation # 1	0006027	414,500	10,662,972	5,952,124	3,960,370	9,912,494	750,478	10,662,972			10,662,972	750,478
Newfield HS New Gym	0006024	6,542,645	9,981,877	9,411,197	453,992	9,865,189	116,688	9,981,877			9,981,877	116,688
Newfield HS Phase 2	0006029	1,850,000	2,733,703	50,347	2,273,584	2,323,931	409,772	2,733,703			2,733,703	409,772
Newfield HS Phase 3		-	-			-	-	-			-	-
Newfield HS Comfort Station		323,625	-			-	-	-			-	-
Newfield HS Generator	0006025	333,000	344,599	14,511	373	14,884	329,715	344,599			344,599	329,715
Centereach HS Vestibule	0015020	97,000	87,745	85,553		85,553	2,192	87,745			87,745	2,192
Centereach HS Windows	0015025	3,829,185	3,625,185	271,893	1,840,628	2,112,521	1,512,664	3,625,185			3,625,185	1,512,664
Centereach HS Building Renovation # 1	0015026	360,500	8,907,428	2,947,916	4,923,307	7,871,223	1,036,205	8,907,428			8,907,428	1,036,205
Centereach HS New Gym	0015023	7,986,568	11,367,869	10,655,625	582,559	11,238,184	129,685	11,367,869			11,367,869	129,685
Centereach HS Phase 2	0015028	617,000	1,067,616	18,992	576,766	595,758	471,858	1,067,616			1,067,616	471,858
Centereach HS Phase 3		-	-			-	-	-			-	-
Centereach HS Generator	0015024	333,000	345,000	15,311	373	15,684	329,316	345,000			345,000	329,316
Centereach Comfort Station		323,625	-			-	-	-			-	-
Buses	**	5,280,000	3,780,000	3,739,289		3,739,289	40,711	3,780,000	80,000		3,860,000	120,711
Bus Cameras/Equipment		424,000	340,911	340,000		340,000	911	340,911			340,911	911
Fuel Management System		67,000	81,000	72,407		72,407	8,593	81,000		50,000	131,000	58,593
Smart Schools Bond Act		219,627	6,377,520	218,415	2,840,527	3,058,942	3,318,578	-	3,058,942		3,058,942	-
EPC 2019/20		-	18,746,916		5,624,075	5,624,075	13,122,841	18,746,916			18,746,916	13,122,841
Unity Electric		-	100,000			-	100,000	-		100,000	100,000	100,000
Total		$81,625,676	$142,718,761	$84,287,165	$31,040,028	$115,327,193	$27,391,568	$136,317,508	$3,138,942	$200,000	$139,656,450	$24,329,257

**- Project numbers to be assigned

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020

Capital assets, net		$187,668,453
Add:		
Unspent debt proceeds		24,229,257
Deferred charges on refundings		1,538,768
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premiums)	12,525,469	
Long-term portion of bonds payable (inclusive of unamortized premiums)	127,076,378	139,601,847
Short-term portion of energy performance contract	2,074,518	
Long-term portion of energy performance contract	23,725,712	25,800,230
Short-term portion of installment purchase debt payable	733	
Long-term portion of installment purchase debt payable	-	733
Net investment in capital assets		$48,033,668

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

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

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

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

To the Board of Education
Middle Country Central School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Middle Country Central School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Middle Country Central School District's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

August 5, 2021

The Board of Education of
Middle Country Central School District at Centereach,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Middle Country Central School District at Centereach (the "School District"), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $43,500,000 Tax Anticipation Notes for 2021-2022 Taxes (the "Note"), dated and delivered the date hereof.

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

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of

the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

"Issuer" shall mean the Middle Country Central School District at Centereach, in the County of Suffolk, a school district of the State of New York.

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

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of August 5, 2021.

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

"Securities" shall mean the Issuer's $43,500,000 Tax Anticipation Notes for 2021-2022 Taxes, dated August 5, 2021, maturing on June 24, 2022, and delivered on the date hereof.

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **August 5, 2021.**

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH

By_____

President of the Board of Education

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS - CONTINUED

Page