PRELIMINARY OFFICIAL STATEMENT DATED JUNE 28, 2022

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 statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

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

THREE VILLAGE CENTRAL SCHOOL DISTRICT OF BROOKHAVEN AND SMITHTOWN, SUFFOLK COUNTY, NEW YORK

$45,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES

(the "Notes")

Date of Issue: July 19, 2022 **Maturity Date: June 28, 2023**

The Notes are general obligations of the Three Village Central School District of Brookhaven and Smithtown, 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.

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 bidder(s).

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 7, 2022 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 July 19, 2022.

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 , 2022

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*Preliminary, subject to change.

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
OF BROOKHAVEN AND SMITHTOWN,
SUFFOLK COUNTY, NEW YORK**

Administration Offices - 100 Suffolk Avenue
Stony Brook, New York 11790
Telephone: 631/730-4020
Fax: 631/474-7516

BOARD OF EDUCATION

Deanna Bavlnka, President
Susan Megroz Rosenzweig, Vice President

Board Members

Irene Gische
Dr. Jeffrey Kerman
Jennifer Silomon
Vincent Vizzo
Shaorui Li

Dr. Kevin Scanlon, Superintendent of Schools
Jeffrey Carlson, Deputy Superintendent
Patricia Castaldo, Director of Business Services
Kerry Reilly, District Treasurer
Inger Germano, School District Clerk

School District Attorneys

Guercio & Guercio, LLP
Farmingdale, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

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Port Jefferson Station, N.Y. 11776
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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

TABLE OF CONTENTS - CONTINUED

OFFICIAL STATEMENT

THREE VILLAGE CENTRAL SCHOOL DISTRICT
OF BROOKHAVEN AND SMITHTOWN
SUFFOLK COUNTY, NEW YORK

Relating To

$45,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Three Village Central School District of Brookhaven and Smithtown in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $45,000,000* Tax Anticipation Notes for 2022-2023 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: Jeffrey Carlson, Deputy Superintendent, Three Village Central School District of Brookhaven and Smithtown, Administration Offices - 100 Suffolk Avenue, Stony Brook, New York 11790, telephone number (631) 730-4020 e-mail: jcarlson@3villagecsd.org.

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, note 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, note 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 2022-2023 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 2022-2023 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 2022-2023 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. See "*Tax Levy Limit Law*" herein.

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 is located in the north-central portion of Suffolk County in the Towns of Brookhaven and Smithtown. It encompasses an area in excess of 22 square miles and includes the Villages of Head of the Harbor, Old Field and Poquott as well as the unincorporated communities of Setauket and Stony Brook. Although primarily residential, the District also includes the facilities of the State University at Stony Brook, shopping centers and other commercial facilities, branches of commercial banks and savings and loan associations, office buildings and some light industry.

Electricity is provided by PSEG Long Island; gas is provided by National Grid; water is provided by the Suffolk County Water Authority and the Stony Brook Water District; police and fire protection are provided by the Suffolk County Police Department and two fire districts, respectively. Rail transportation is available at the Stony Brook station of the Long Island Railroad. Highways include New York State Routes 25A and 347 as well as a network of County and local roadways.

District Organization

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

Members of the Board of Education are elected on a staggered term basis by the qualified voters at the annual election of the District, held on the third Tuesday in May each year. The term of office for each board member is 3 years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

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

Enrollment History

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

School Year	School Enrollment
2017	6,286
2018	5,900
2019	5,907
2020	5,809
2021	5,674

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2022	5,500
2023	5,394
2024	5,266

Source: District Officials.

School Facilities

Name of School	Date of Construction	Most Recent Renovation	Capacity	Insurable Reconstruction Cost (New)
Setauket Elementary	1952	2017	1,153	$ 28,980,000
Nassakeag Elementary	1963	2017	1,134	34,500,000
North Country Administration	1962	2015	NA	19,300,000
Arrowhead Elementary	1965	2015	1,134	35,150,000
W. S. Mount Elementary	1967	2017	1,161	31,280,000
Minnesauke Elementary	1968	2017	1,053	31,478,000
P. J. Gelinas Junior High	1968	2015	1,526	63,200,000
R. C. Murphy Junior High	1968	2015	1,524	65,800,500
Ward Melville High	1968	2015	1,872	117,005,000
Administration Building	1967	NA	NA	2,242,000

Employees

District employees are represented by the following units of organized labor:

Name of Union	Expiration Date of Contract[a]	Approx. No. of Members
Three Village Teachers Assoc.	06/30/2025	745
Three Village School Administrators Assoc.	06/30/2026	53
UPSEU - Clerical Unit	06/30/2024	97
UPSEU - Maintenance and Operations Unit	06/30/2025	97
CSEA - Cafeteria	06/30/2024	38
UPSEU - Monitors	06/30/2025	208
TV Registered Professional Nurses Assoc.	06/30/2021	19
TV Substitute Teachers Assoc.	06/30/2022	298
UPSEU-SACC	06/30/2024	39
UPSEU-Security	06/30/2022	86

a. Expired contracts are currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Town of Brookhaven, Suffolk County and New York State.

Year	Town of Brookhaven	Suffolk County	New York State
1980	365,015	1,284,231	17,557,288
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
2020	482,671	1,481,364	19,514,849

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 Town 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	2020[a]
Town of Brookhaven	$16,726	$24,191	$32,663	$42,388
Suffolk County	18,481	26,577	35,411	46,466
State of New York	16,501	23,389	30,791	40,898

	Median Household Income			
	1990	2000	2010	2020[a]
Town of Brookhaven	$47,074	$62,475	$81,654	$100,061
Suffolk County	49,128	65,288	84,235	105,362
New York State	32,965	43,393	55,217	71,117

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2016-2020)

Selected Listing of Larger Employers in Town of Brookhaven
(As of 2021)

Name	Type of Business	Estimated Number Of Employees
State University at Stony Brook	Education	14,000
Stony Brook University Medical Center	Medical Center	7,500
Brookhaven National Laboratory	Laboratory	3,000
John T. Mather Hospital	Hospital	1,967
Zebra Technologies	Commercial	1,800
Brookhaven Memorial Hospital	Hospital	1,730
St. Charles Hospital	Hospital	1,400
Three Village Central School District	Education	1,298
Quality King Distributors	Commercial	900
William Floyd Union Free School District	Education	860
Amneal Pharmaceuticals	Commercial	780

Source: Town of Brookhaven.

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 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.

Annual Averages:	Town of Brookhaven (%)	Suffolk County (%)	New York State (%)
2017	4.4	4.4	4.6
2018	3.9	3.9	4.1
2019	3.7	3.7	4.0
2020	8.2	8.5	10.0
2021	4.8	4.9	7.2
2022 (3 Months)	3.5	3.6	5.0

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.

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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 June 28, 2022)

In Town of:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Brookhaven (2021-2022) [a]	$55,159,475	0.74	$7,453,983,108
Smithtown (2021-2022) [a]	1,319,095	1.12	117,776,339
Total			$7,571,759,447
Debt Limit - 10% of Full Valuation			$757,175,945
Inclusions [b]:			
Outstanding Bonds			$70,085,000
Bond Anticipation Notes			0
Total Indebtedness			70,085,000
Exclusions (Estimated Building Aid) [c]			50,900,949
Total Net Indebtedness			19,184,051
Net Debt Contracting Margin			$737,991,894
Per Cent of Debt Contracting Margin Exhausted			2.53%

a. The latest completed assessment rolls for which a State Equalization Rate have 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 the Official Statement, the District has no short-term debt outstanding.

Outstanding Long-Term Bond Indebtedness

The following table sets forth the total long-term bond indebtedness outstanding at the end of the last five completed fiscal years.

Trend of Outstanding Debt

	2017	2018	2019	2020	2021
Bonds	$117,940,000	$106,645,000	$96,375,000	$86,465,000	$78,425,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
Total	$117,940,000	$106,645,000	$96,375,000	$86,465,000	$78,425,000

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	$8,340,000	$2,248,325	$10,588,325
2023	8,645,000	1,965,025	10,610,025
2024	8,555,000	1,670,525	10,225,525
2025	7,400,000	1,381,275	8,781,275
2026	7,585,000	1,153,175	8,738,175
2027	7,255,000	918,375	8,173,375
2028	7,340,000	743,075	8,083,075
2029	7,540,000	558,900	8,098,900
2030	7,765,000	333,300	8,098,300
2031	4,000,000	132,500	4,132,500
2032	4,000,000	45,000	4,045,000
	$78,425,000	$11,149,475	$89,574,475

Debt Service Requirements – Energy Performance Contract

Fiscal Year Ending June 30:	Principal	Interest	Total
2022-2026	$5,748,192	$560,041	$6,308,233
2027-2030	1,968,815	101,881	2,070,696
	$7,717,007	$661,922	$8,378,929

Debt Service Requirements – Energy Performance Contract – 2019

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	$441,879	$194,771	$636,650
2023	454,719	181,931	636,650
2024	467,932	168,718	636,650
2025	481,530	155,120	636,650
2026	495,522	141,128	636,650
2027	509,921	126,729	636,650
2028	524,738	111,912	636,650
2029	539,986	96,664	636,650
2030	555,677	80,973	636,650
2031	571,824	64,826	636,650
2032	588,440	48,210	636,650
2033	605,539	31,111	636,650
2034	623,135	13,515	636,650
	$6,860,841	$1,415,608	$8,276,449

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
2018	$26,000,000	TAN	09/14/2017	06/27/2018
2019	26,000,000	TAN	09/18/2018	06/27/2019
2020	28,000,000	TAN	09/04/2019	06/25/2020
2021	32,000,000	TAN	07/15/2020	06/25/2021
2022	40,000,000	TAN	07/20/2021	06/24/2022

Authorized But Unissued Items

As of the date of this Official Statement, the District has authorized and unissued debt outstanding in the amount of $1,006.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	03/21/2022	2.50	$35,801,945	$29,494,394
Town of Brookhaven	06/25/2021	11.57	62,248,914	60,765,640
Town of Smithtown	02/28/2022	0.34	135,132	111,449
Village of Head of the Harbor	02/28/2021	20.00	73,800	73,800
Village of Old Field	02/29/2021	100.00	375,000	375,000
Village of Poquott	05/31/2021	100.00	150,000	150,000
Fire Districts (Est.)	12/31/2020	Var.	950,000	950,000
Totals			$99,734,791	$91,920,283

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

Debt Ratios
(As of June , 2022)

	Amount	Per Capita [a]	Percentage Of Full Value (%) [b]
Total Direct Debt	$ 70,085,000	$1,447	0.926
Net Direct Debt	19,184,051	396	0.253
Total Direct & Applicable Total Overlapping Debt	169,819,791	3,507	2.243
Net Direct & Applicable Net Overlapping Debt	111,104,334	2,294	1.467

a. The current population of the District is 48,424.
b. The full valuation of taxable property is $7,571,759,447.

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 $500,000. The District has paid such costs from budgetary appropriations. The District does not believe that the increased costs described above 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 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 $36,847 in CARES Act funding and is expected to receive a total of $143,326. In addition, the District expects to receive $4,029,079 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, 2021. A copy of such report is included herein as Appendix C.

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

On May 17, 2022, a majority of the voters of the District approved the District's budget for the 2022-2023 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2021-2022 and 2022-2023 may be found in Appendix A, herein.

Revenues

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

Real Property Taxes

See *"Tax Information"* herein.

State Aid

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 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2017	$196,685,127	$44,403,078	22.58
2018	202,582,148	44,909,260	22.17
2019	206,797,775	45,284,464	21.90
2020	213,694,954	47,818,526	22.38
2021	213,948,237	45,811,036	21.41
2022 (Budgeted)	220,262,435	46,882,665	21.28
2023 (Budgeted)	224,060,618	48,750,741	21.76

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 to 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 are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-21 Enacted Budget 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 released 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.)

The State's 2022-23 Enacted Budget provides $31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of $2.1 billion or 7.07%. and includes $21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2022-23 Enacted Budget also increases the State's annual investment in prekindergarten to $1.1 billion, an increase of $125 million, or 13%. The Budget also includes a total of $100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

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.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. 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, on appeal 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 Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. See also "*School district fiscal year (2021-2022)*" herein.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

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 was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was 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 was expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided 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 was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came 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.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2% compared to the 2021-2022 school year and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programs $14 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, 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 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds buy $125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 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 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: 26.7%; 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 District has not been audited in the previous five years.

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, various forms of legislation have been enacted that permitted school districts to amortize a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

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

The following chart represents the ERS and TRS required contributions for each of the completed fiscal years below:

Fiscal Year Ending June 30:	TRS	ERS
2018	$8,204,299	$2,371,411
2019	9,128,281	2,848,752
2020	7,799,597	2,926,175
2021	8,707,521	3,067,025
2022	9,420,420	2,846,763

Source: Audited Financial Statements.

Other Post-Employment Benefits

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

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

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

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

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost. Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2021 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2021
Total OPEB Liability at June 30, 2020	$401,288,726
Charges for the Year:	
Service Cost	14,362,948
Interest	11,239,735
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes in Assumotions or Other Inputs	45,112,401
Benefit Payments	(10,958,776)
Net Changes	59,756,308
Total OPEB Liability at June 30, 2021	$461,045,034

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

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

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the 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; however, see "*The Tax Levy Limit Law*" herein for a discussion of certain statutory limitation that have been imposed

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2017	$196,685,127	$133,745,132	68.00
2018	202,582,148	139,020,829	68.62
2019	206,797,775	142,401,290	68.86
2020	213,694,954	148,284,446	69.39
2021	213,948,237	152,402,414	71.23
2022 (Budgeted)	220,262,435	162,004,770	73.55
2023 (Budgeted)	224,060,618	164,954,877	73.62

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

a. Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues include appropriations of fund balance.

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 Town, 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 or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

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. The State's 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to $250,000, compared with a $500,000 limit for the credit.

Approximately 12% of the District's 2021-2022 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 2022-2023 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See *"State Aid"* herein).

Valuations, Rates and Levies

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2018 through 2022.

	Town of Brookhaven			Town of Smithtown		
Fiscal Year Ending June 30	Assessed Valuation	Tax Levy	Per $1000 of Assessed Val.	Assessed Valuation	Tax Levy	Per $1000 of Assessed Val.
2018	$55,704,049	$136,518,170	$2,682.65	$1,311,579	$2,419,183	$1,844.48
2019	55,677,867	139,624,134	2,732.84	1,328,426	2,542,971	1,914.24
2020	55,719,714	145,580,907	2,802.58	1,319,592	2,521,815	1,911.06
2021	55,494,803	149,722,390	2,870.44	1,317,848	2,535,717	1,924.13
2022	55,159,475	150,229,645	2,885.40	1,319,095	2,503,614	1,897.98

Source: Towns of Brookhaven and Smithtown.

Selected Listing of Large Taxable Properties in the District
2021-2022 Assessment Roll

Name	Type	Full Valuation
LIPA	Utility	$107,324,105
Marketspan Generation LLC	Utility	73,105,263
Active Retirement Comm Inc.	Home for Aged	31,578,947
Serota Brooktown III LLC	Commercial	29,368,421
Keyspan Gas East Corp.	Utility	22,024,421
NHP Centereach LLC	Home for Aged	21,236,842
Dayton Hudson Corporation	Shopping Center	18,642,105
Verizon New York Inc.	Utility	13,892,842
Eagle Realty Holdings Inc.	Commercial	13,805,263
Brisbane South Setauket LLC	Commercial	13,778,947
BDG Setauket LLC	Commercial	13,663,157
Daka Realty Company C/O GFS Realty Inc.	Commercial	12,160,000
Elias Properties East	Shopping Center	12,126,315
AVR South Setauket LLC C/O AVR Realty	Commercial	12,052,631
Heritage SPE LLC-C/O Hert	Shopping Center	11,977,368
	Total [a]	$406,736,627

Source: Town Assessment Roll.
a. Represents 5.37 % of the Full Valuation of the District for 2021-2022.

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.

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.

The District is in receipt of a Summons and Complaint, dated March 10, 2021, related to Child Victim's Act (CVA) claims by a former student of the District. The litigant has claimed that the District was negligent in its hiring, retention, and supervision of its employees; and failed to take protective measures to protect the claimant.

At present there is no demand, or indication of what the claimant might consider as a settlement of this claim.

The District's current insurance carrier, NYSIR, has disclaimed coverage for this matter as it was not the District's insurance carrier during the relevant period. Accordingly, the District is conducting a search to determine what, if any, coverage may be available for the relevant period. The District is currently represented by its General Counsel in this matter.

On November 3, 2020, a former District student commenced a special proceeding seeking the court's permission to proceed with an action pursuant to the New York Child Victims Act. Upon information and belief, the former student alleges that that the student was sexually abused by the student's teacher. The New York Insurance Reciprocal, the District's insurer, assigned Mulholland Minion Davey McNiff & Beyrer to appear and answer on behalf of the District in accordance with the terms and provisions of the District's insurance policy. The Court granted plaintiff's application to proceed and the complaint was served on February 19, 2021.

RISK 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 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.

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”, substantially in the form of which is attached hereto as Appendix E.

RATING

The Notes are not rated. Moody’s Investors Service (“Moody’s”) has assigned a rating of “Aa2” to the Outstanding Bonds of the District. This rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody’s, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds or the availability of a secondary market for such Bonds.

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 upon request from the business office of the District: Jeffrey Carlson, Deputy Superintendent, Three Village Central School District of Brookhaven and Smithtown, Administration Offices - 100 Suffolk Avenue, Stony Brook, New York 11790, telephone number (631) 730-4020 e-mail: jcarlson@3villagecsd.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

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 DEANNA BAVLNKA
President of the Board of Education
Three Village Central School District
of Brookhaven and Smithtown
Stony Brook, New York

July , 2022

APPENDIX A

FINANCIAL INFORMATION

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Balance Sheet
General Fund

	Fiscal Year Ending June 30: 2020	2021
Assets:		
Cash	$ 37,790,281	$ 32,197,519
State and Federal Aid Receivable	2,007,854	1,930,586
Due from Other Governments	925,232	282,562
Accounts Receivable	38,286	498,256
Due from Other Funds	3,989,793	4,485,271
Total Assets	$ 44,751,446	$ 39,394,194
Liabilities:		
Accounts Payable	$ 3,037,904	$ 1,460,582
Accrued Liabilities	5,039,266	4,461,099
Due to Other Governments		299,341
Due to Other Funds	1,073,981	2,029,143
Due to Teachers' Retirement System	8,144,910	9,146,260
Due to Employees' Retirement System	882,299	1,078,611
Compensated Absences	884,536	339,125
Collections on Advance	281,388	765,822
Deferred Revenues	231,689	
Total Liabilities	19,575,973	19,579,983
Fund Balances:		
Restricted	14,298,327	9,273,006
Assigned	4,080,422	5,697,486
Unassigned	6,796,724	4,843,719
Total Fund Equity	25,175,473	19,814,211
Total Liabilities and Fund Equity	$ 44,751,446	$ 39,394,194

Sources: Audited Annual Financial Reports of the District (2020-2021)
NOTE: This table NOT audited

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending June 30: 2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	$ 133,745,132	$ 139,020,829	$ 142,401,290	$ 148,284,446	$ 152,402,414
Other Tax Items-Including STAR	13,598,332	13,338,099	12,956,474	10,998,787	9,947,120
Charges for Services	4,204,969	4,275,791	4,734,669	5,118,164	4,262,047
Use of Money and Property	290,155	421,215	791,838	715,940	149,739
Sale of Property & Compensation for Loss	8,782	16,047	41,493	8,028	57,541
Miscellaneous	396,439	527,679	476,587	685,250	1,296,124
State Sources	44,403,078	44,909,260	45,284,464	47,818,526	45,811,036
Federal Sources	38,240	73,228	110,960	65,813	22,216
Total Revenues	196,685,127	202,582,148	206,797,775	213,694,954	213,948,237
Expenditures:					
General Support	21,552,485	22,376,966	23,577,689	24,219,302	25,173,319
Instruction	102,509,982	104,643,367	109,543,642	111,699,688	113,674,271
Pupil Transportation	8,361,277	8,475,111	9,321,668	7,975,703	10,429,782
Community Service	1,681,843	1,573,003	1,672,775	2,088,187	1,504,732
Employee Benefits	45,232,009	44,800,257	45,290,999	47,525,376	50,612,874
Debt Service	15,166,040	15,572,409	15,146,186	14,770,418	13,249,659
Total Expenditures	194,503,636	197,441,113	204,552,959	208,278,674	214,644,637
Other Financing Soucres and Uses:					
Presmiums on Short Term Obligations	694,033	209,565	188,864	130,200	471,680
Operating Transfers In	22,232	425,597	84,903		1,726,288
Operating Transfers Out	(4,017,223)	(5,193,194)	(5,123,408)	(6,333,411)	(6,862,830)
Excess (Deficit) Revenues					
Over Expenditures & Other Uses	(1,119,467)	583,003	(2,604,825)	(786,931)	(5,361,262)
Other Changes in Fund Equity					
Fund Balance Beginning of Year	29,103,693	27,984,226	28,567,229	25,962,404	25,175,473
Fund Balance End of Year	$ 27,984,226	$ 28,567,229	$ 25,962,404	$ 25,175,473	$ 19,814,211

Source: Audited Annual Financial Reports of the District. (2017-2021)
NOTE: This table NOT audited

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Budget Summary
General Fund

	Fiscal Year Ending June 30: 2021-2022[a]	2022-2023[b]
Revenues:		
Real Property Taxes	$ 162,004,770	$ 164,954,877
State Aid	46,882,665	48,750,741
Interest Income	500,000	200,000
Other Income	6,475,000	6,355,000
Appropriated Fund Balance	4,400,000	3,800,000
Total Revenues	$ 220,262,435	$ 224,060,618
Expenditures:		
General Support	$ 26,324,435	$ 27,000,369
Instruction	115,730,443	116,281,537
Pupil Transportation	10,831,757	11,393,710
Community Service	1,993,216	1,978,421
Employee Benefits	52,029,829	53,624,126
Debt Service & Transfers	13,352,755	13,782,455
Total Expenditures	$ 220,262,435	$ 224,060,618

a. 2021-2022 contingency budget was be adopted by the BOE on July 7, 2021.
b. Approved by the voters of the District on May 17, 2022

THREE VILLAGE CENTRAL SCHOOL DISTRICT

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	2018	2019	2020	2021	2022
Assessed Valuation:					
Town of:					
Brookhaven	$ 55,704,049	$ 55,677,867	$ 55,719,714	$ 55,494,803	$ 55,159,475
Smithtown	1,311,579	1,328,426	1,319,592	1,317,848	1,319,095
Total Assessed Valuation	$ 57,015,628	$ 57,006,293	$ 57,039,306	$ 56,812,651	$ 56,478,570
Equalization Rates:					
Town of:					
Brookhaven	0.90%	0.86%	0.79%	0.77%	0.74%
Smithtown	1.23%	1.23%	1.16%	1.15%	1.12%
Full Valuation :					
Town of:					
Brookhaven	$ 6,189,338,778	$ 6,474,170,581	$ 7,053,128,354	$ 7,207,117,273	$ 7,453,983,108
Smithtown	106,632,439	108,002,114	113,757,931	114,595,478	117,776,339
Total Full Valuation	$ 6,295,971,217	$ 6,582,172,695	$ 7,166,886,285	$ 7,321,712,751	$ 7,571,759,447

APPENDIX B

CASH FLOWS

THREE VILLAGE CENTRAL SCHOOL DISTRICT
CASH FLOW SUMMARY 2021-2022 (Actual) (000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	32,197	65,719	55,899	48,546	30,813	16,924	6,871	70,430	68,403	78,315	64,235	52,362	32,197 [1]
Receipts													
Property Taxes			2			6,236	71,249	13,096	2,449	1,806	11,610	46,603	153,051
STAR Reimbursement							8,954						8,954
State Aid	1,102	535	3,790	1,200	2,053	2,939	201	237	22,089			3,736	37,882
Interest	9	12	8	4	2			3	3	6	6	6	59
Other Receipts	529	723	358	632	546	1,149	1,160	621	2,958	1,688	1,196	1,500	13,060
TAN Proceeds	40,309												40,309
Total Receipts	41,949	1,270	4,158	1,836	2,601	10,324	81,564	13,957	27,499	3,500	12,812	51,845	253,315
Disbursements													
Salaries & Benefits	4,807	4,360	6,176	11,817	8,889	12,146	8,557	8,612	11,428	8,922	14,510	21,500	121,724
Services & Supplies	3,361	2,908	4,870	7,752	6,955	6,661	9,189	6,984	5,694	8,658	6,901	7,500	77,433
Debt Service	259	3,822	465		646	1,570	259	388	465		3,274	1,466	12,614
TAN Repayment Provision												40,000	40,000
TAN Interest Payments												371	371
Total Disbursements	8,427	11,090	11,511	19,569	16,490	20,377	18,005	15,984	17,587	17,580	24,685	70,837	252,142
Balance	65,719	55,899	48,546	30,813	16,924	6,871	70,430	68,403	78,315	64,235	52,362	33,370	33,370
Note Repay Fund													
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	40,000	40,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	40,000	40,000
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Balance as of June 30, 2021. Includes approximately $9.27 million in restricted reserves.

THREE VILLAGE CENTRAL SCHOOL DISTRICT
CASH FLOW SUMMARY 2022-2023 (Projected) (000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	33,370	71,298	60,839	46,324	31,438	16,186	905	67,060	71,026	81,258	69,272	58,457	33,370 [1]
Receipts													
Property Taxes		5					73,000	17,000	3,950	2,000	8,000	52,000	155,955
STAR Reimbursement							9,000						9,000
State Aid	1,277	511	5,438	304	1,490	3,075	304	304	23,531			2,189	38,423
Interest	10	13	12	10	9	6	10	15	16	14	11	9	135
Other Receipts	400	200	300	300	900	200	600	1,500	1,200	1,500	1,000	1,200	9,300
TAN Proceeds	45,000												45,000
Total Receipts	46,687	729	5,750	614	2,399	3,281	82,914	18,819	28,697	3,514	9,011	55,398	257,813
Disbursements													
Salaries & Benefits	5,000	4,500	15,000	10,000	11,500	12,000	11,500	11,500	15,000	12,500	12,500	26,000	147,000
Services & Supplies	3,500	2,800	4,800	5,500	5,500	5,000	5,000	3,000	3,000	3,000	4,000	4,500	49,600
Debt Service	259	3,888	465		651	1,562	259	353	465		3,326	1,467	12,695
TAN Repayment Provision												45,000	45,000
TAN Interest Payments												750	750
Total Disbursements	8,759	11,188	20,265	15,500	17,651	18,562	16,759	14,853	18,465	15,500	19,826	77,717	255,045
Balance	71,298	60,839	46,324	31,438	16,186	905	67,060	71,026	81,258	69,272	58,457	36,138	36,138
Note Repay Fund													
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	45,000	45,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	45,000	45,000
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Balance as of June 30, 2022. Includes approximately $9.27 million in restricted reserves.

THREE VILLAGE CENTRAL SCHOOL DISTRICT
OF BROOKHAVEN AND SMITHTOWN

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2021
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
JUNE 30, 2021
TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tri-Valley Central School District, as of and for the year ended June 30, 2021, 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 of 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 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 and each major fund of the Tri-Valley Central School District, as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental schedules on pages 4 through 14 and 62 through 66 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 Tri-Valley Central School District's basic financial statements. The supplemental schedules on pages 67 through 69 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The supplemental schedules on pages 67 through 69, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplemental schedules on pages 67 through 69, and the schedule of expenditures of federal awards are 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 14, 2021 on our consideration of the Tri-Valley Central School District's internal control over financial reporting and 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 the Tri-Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Tri-Valley Central School District's internal control over financial reporting and compliance.

Nugent + Haeussler, P.C.

Montgomery, New York
October 14, 2021

TRI-VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Tri-Valley Central School District's financial performance for the fiscal year ended June 30, 2021. This section is a summary of the Tri-Valley Central School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- General Fund total revenues were $158,823 less than budget.
- General Fund total expenditures and encumbrances were $4,439,422 under budget.
- The District received federal funds for instructional programs and school lunch assistance of $1,019,331 and $200,514, respectively.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Overview of the Financial Statements (Continued)

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

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements		
	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-Wide Financial Statements

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has one kind of fund:

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

TRI-VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis
(Continued)

Financial Analysis of the District as a Whole

For the year ended June 30, 2021, net position increased by $1,362,477. The District's net position at June 30, 2021 is ($20,852,226). The following table provides a summary of the District's net position:

Summary of Net Position

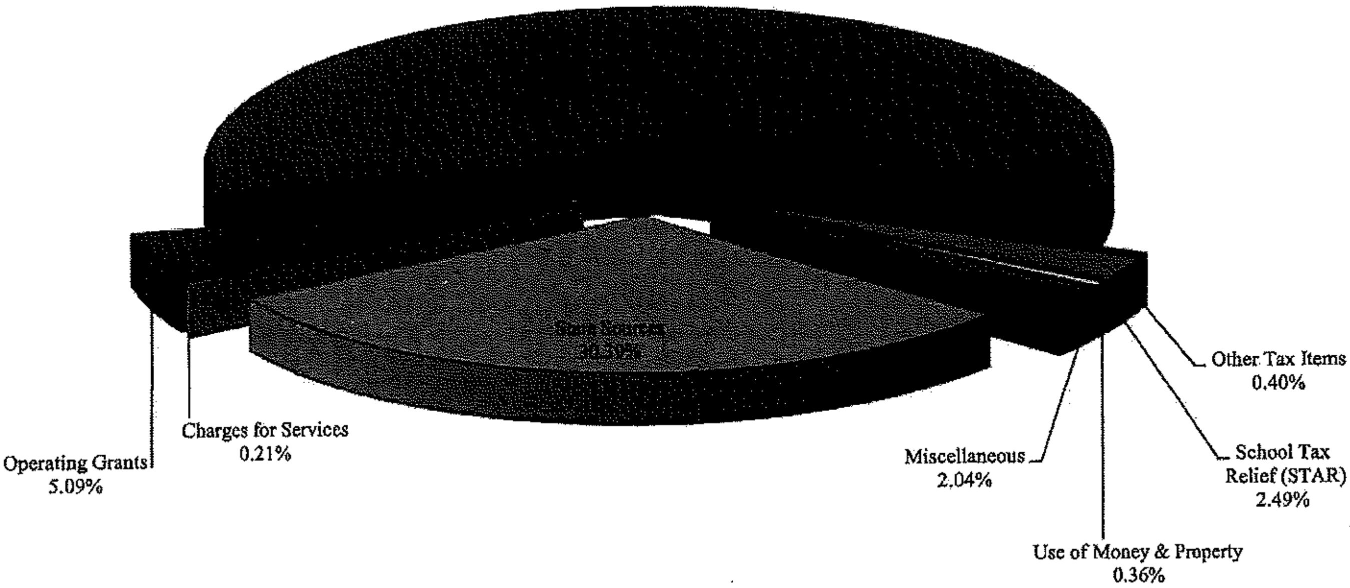
	School District Activities		
	June 30, 2021	June 30, 2020	% Change
Current Assets	$ 23,262,959	$ 22,960,088	1.32%
Net Pension Asset - Proportionate Share	0	1,524,678	-100.00%
Capital Assets, Net	27,367,329	27,244,524	0.45%
Total Assets	50,630,288	51,729,290	-2.12%
Deferred Ouflows of Resources	11,132,333	10,491,589	6.11%
Current Liabilities	2,920,973	2,404,173	21.50%
Net Pension Liability - Proportionate Share	1,627,322	2,221,967	-26.76%
Long-Term Debt Outstanding	59,576,443	62,377,656	-4.49%
Total Liabilities	64,124,738	67,003,796	-4.30%
Deferred Inflows of Resources	18,490,109	17,431,786	6.07%
Net Position:			
Net Investment in Capital Assets	25,607,329	22,379,524	14.42%
Restricted	14,211,536	13,911,186	2.16%
Unrestricted	(60,671,091)	(58,505,413)	-3.70%
Total Net Position	$ (20,852,226)	$ (22,214,703)	6.13%

The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2021:

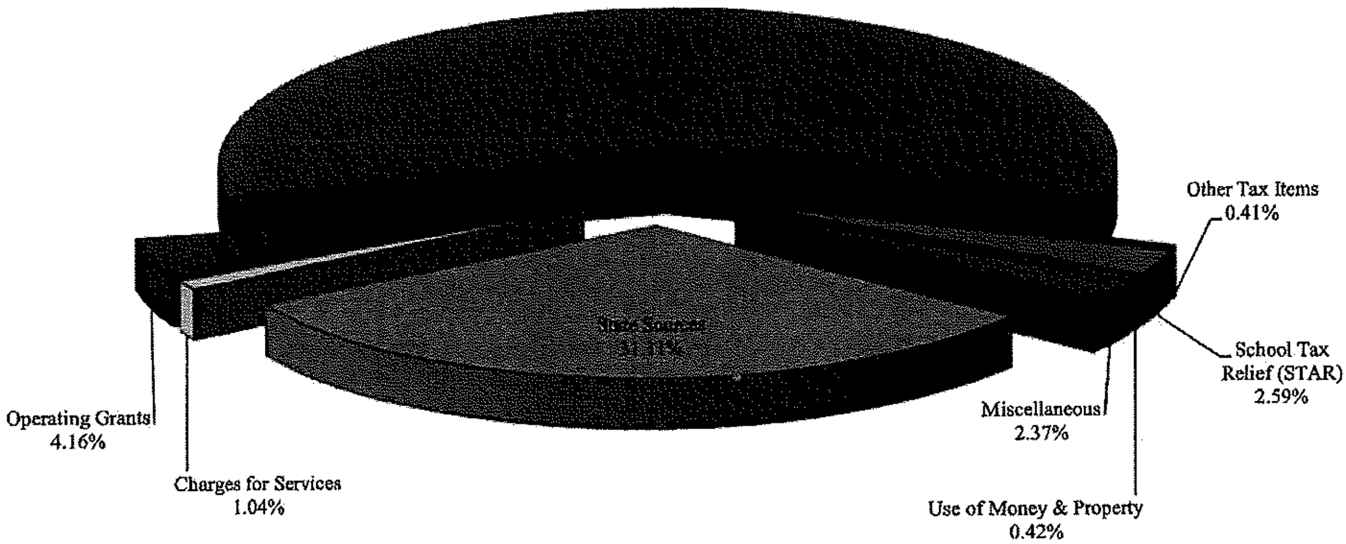
TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

	JUNE 30, 2021	%	JUNE 30, 2020	%	$ Change	% Change
REVENUES						
PROGRAM REVENUES:						
Charges for Services	$ 72,342	0.21%	$ 362,251	1.04%	$ (289,909)	-80.03%
Operating Grants	1,750,070	5.09%	1,453,206	4.16%	296,864	20.43%
GENERAL REVENUES:						
Property Taxes	20,299,094	59.02%	20,249,452	57.90%	49,642	0.25%
Other Tax Items	136,716	0.40%	141,974	0.41%	(5,258)	-3.70%
School Tax Relief (STAR)	856,770	2.49%	905,367	2.59%	(48,597)	-5.37%
Sale of Property & Compensation for Loss	1,700	0.00%	0	0.00%	1,700	N/A
Use of Money & Property	123,900	0.36%	146,874	0.42%	(22,974)	-15.64%
Miscellaneous	701,194	2.04%	828,677	2.37%	(127,483)	-15.38%
State Sources	10,454,037	30.39%	10,875,952	31.11%	(421,915)	-3.88%
TOTAL REVENUES	34,395,823	100.00%	34,963,753	100.00%	(567,930)	-1.62%
EXPENSES						
General Support	3,281,973	9.94%	3,511,067	10.50%	(229,094)	-6.52%
Instruction	16,603,405	50.26%	16,718,218	50.01%	(114,813)	-0.69%
Pupil Transportation	2,881,456	8.72%	2,855,503	8.54%	25,953	0.91%
Community Services	10,000	0.03%	10,000	0.03%	0	0.00%
Employee Benefits	9,312,366	28.19%	9,206,176	27.53%	106,190	1.15%
Debt Service Interest	106,673	0.32%	129,871	0.39%	(23,198)	-17.86%
Depreciation	669,778	2.03%	665,623	1.99%	4,155	0.62%
School Lunch Program	167,695	0.51%	338,301	1.01%	(170,606)	-50.43%
TOTAL EXPENSES	33,033,346	100.00%	33,434,759	100.00%	(401,413)	-1.20%
INCREASE (DECREASE) IN NET POSITION	$ 1,362,477		$ 1,528,994		$ (166,517)	

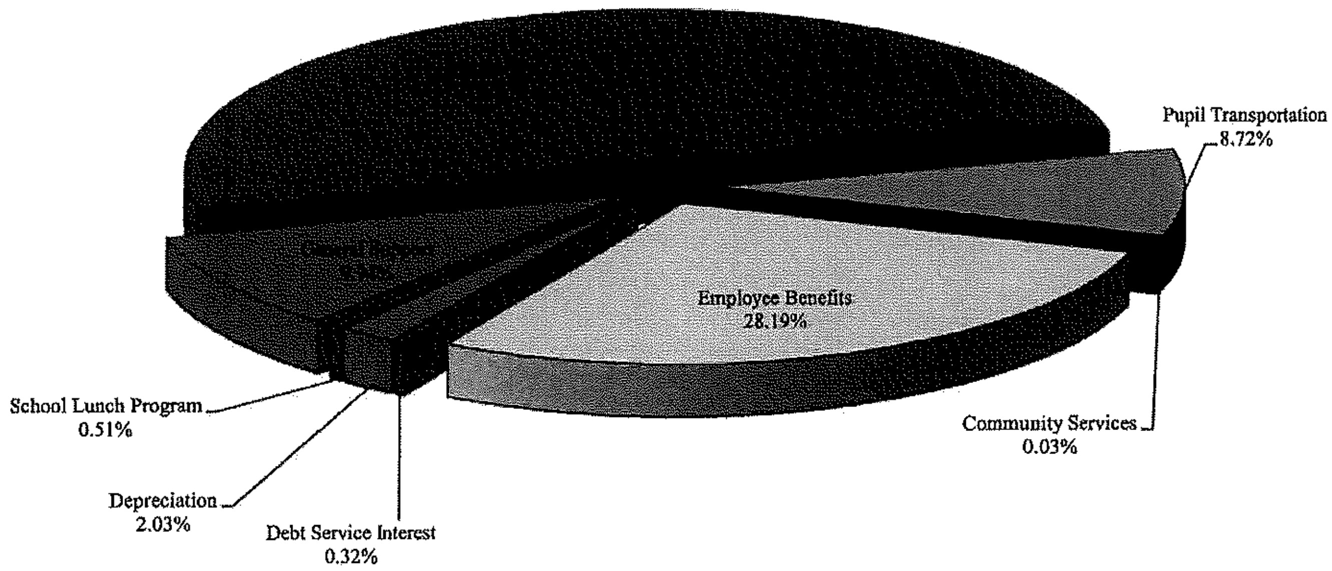
SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



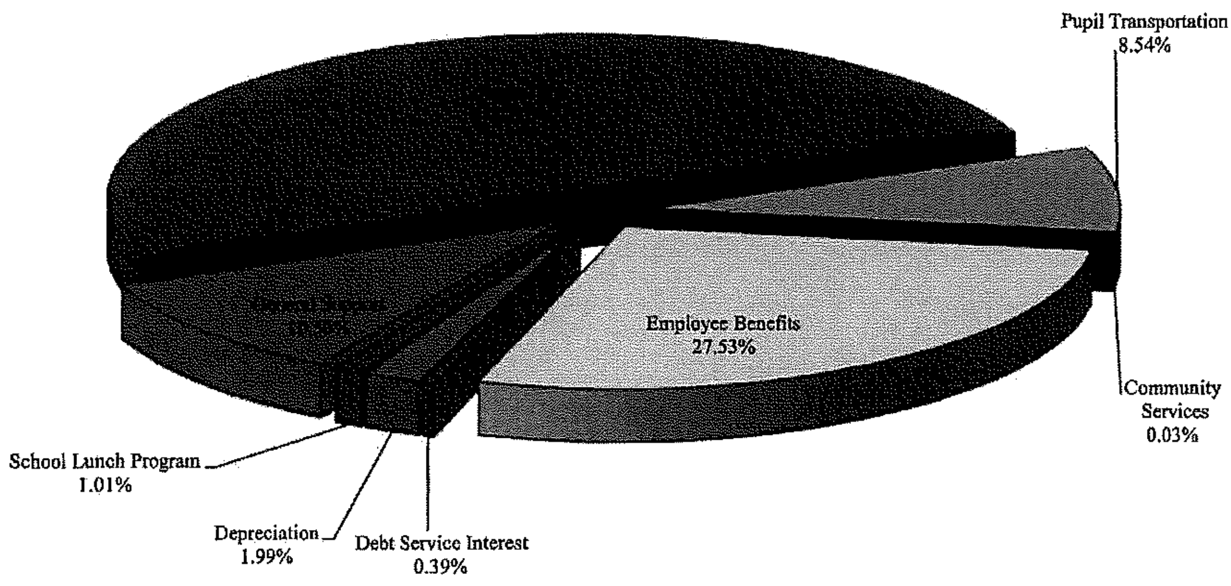
SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

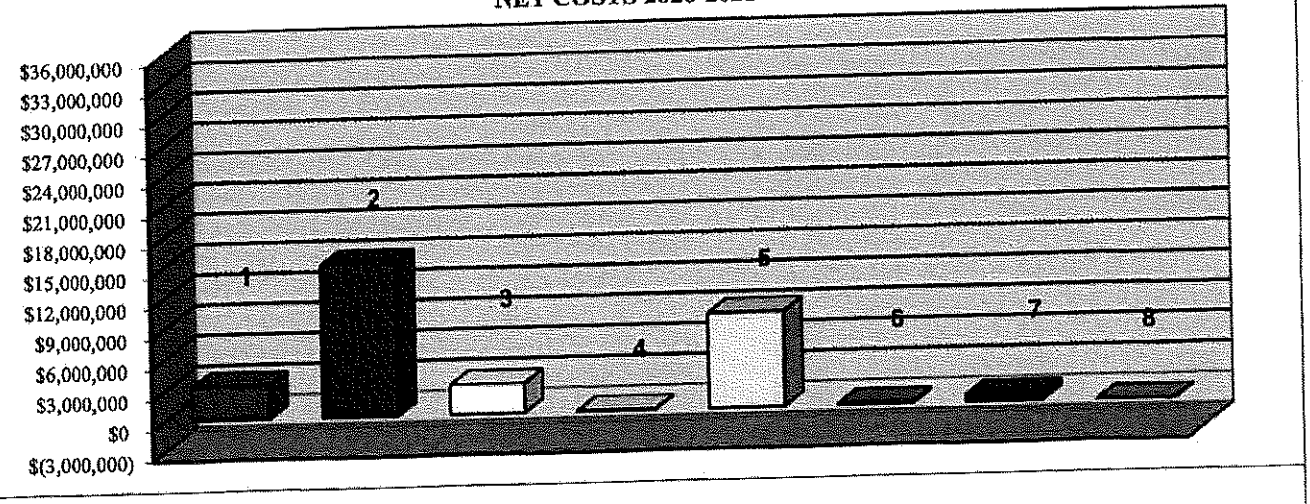


TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

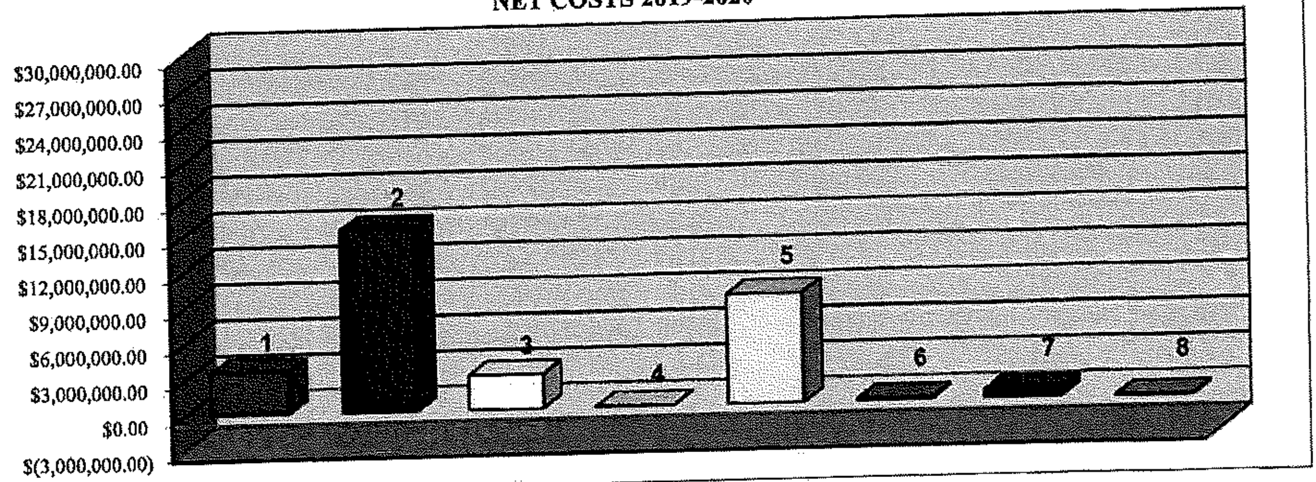
The following information is provided to disclose the net cost of governmental activities:

	TOTAL COST OF SERVICES 2020-2021	NET COST OF SERVICES 2020-2021	TOTAL COST OF SERVICES 2019-2020	NET COST OF SERVICES 2019-2020
General Support	$ 3,281,973	$ 3,281,973	$ 3,511,067	$ 3,511,067
Instruction	16,603,405	14,994,941	16,718,218	15,313,266
Pupil Transportation	2,881,456	2,881,456	2,855,503	2,855,503
Community Services	10,000	10,000	10,000	10,000
Employee Benefits	9,312,366	9,312,366	9,206,176	9,206,176
Debt Service - Interest	106,673	106,673	129,871	129,871
Depreciation	669,778	669,778	665,623	665,623
School Lunch Program	167,695	(46,253)	338,301	(72,204)
	$ 33,033,346	$ 31,210,934	$ 33,434,759	$ 31,619,302

NET COSTS 2020-2021



NET COSTS 2019-2020



Management Discussion and Analysis
(Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2021			
	Nonspendable	Restricted	Assigned	Unassigned
General	$ 0	$ 13,526,493	$ 2,059,100	$ 4,558,123
Special Aid	0	0	0	0
School Lunch	0	565,078	0	0
Miscellaneous Special Revenue	0	97,376		
Capital Projects	0	0	0	(482,373)
Debt Service	0	22,589	0	0
	$ 0	$ 14,211,536	$ 2,059,100	$ 4,075,750

	June 30, 2020			
	Nonspendable	Restricted	Assigned	Unassigned
General	$ 0	$ 12,976,066	$ 2,141,652	$ 4,511,854
Special Aid	0	0	0	0
School Lunch	0	518,421	0	0
Miscellaneous Special Revenue	0	98,347	0	0
Capital Projects	0	296,298	0	0
Debt Service	0	22,054	0	0
	$ 0	$ 13,911,186	$ 2,141,652	$ 4,511,854

General Fund Budgetary Highlights

In the General Fund for the fiscal year ended June 30, 2021, actual revenues were less than revised budgeted revenues by $158,823.

Actual expenditures and encumbrances were less than the revised budgeted expenditures by $4,439,422. As tough economic times continued to affect both State Aid and local taxpayer funding, the District continued to maintain fiscal restraints on all purchases.

For fiscal year 2021-2022, the District has appropriated $1,509,083 of unappropriated fund balance to reduce the 2021-2022 tax levy.

Factors that continue to affect the budget process are as follows:

- Increasing salaries and employee benefit costs (i.e. health insurance and retirement benefits, etc.).
- Increasing contractual costs (transportation and BOCES, etc.).
- Unfunded State mandates.

Management believes that the budget adopted for 2021-2022 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The School Lunch Fund ended the year with a fund balance of $565,078. The revenues exceeded expenditures by $46,657. The District plans to use the fund balance to replace aging food service equipment and improve future operations.

The Miscellaneous Special Revenue Fund ended the year with a fund balance of $97,376. Expenditures exceeded revenues by $971.

The Capital Projects Fund ended the year with a fund balance deficit of $482,373.

The Debt Service Fund ended the year with a restricted fund balance of $22,589.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2021, was $27,367,329. The total increase in this net investment was 0.45% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation as of June 30, 2020 was $27,244,524. The District expended $792,583 to acquire and construct capital assets during the fiscal year ended June 30, 2021, and depreciation expense for the fiscal year was 669,778.

CAPITAL ASSETS
Net of Accumulated Depreciation

	School District Activities		
	June 30, 2021	June 30, 2020	% Change
Non-Depreciable Assets:			
Land	$ 93,000	$ 93,000	0.00%
Construction in Progress	6,199,579	6,199,579	0.00%
Depreciable Assets:			
Building and Improvements	19,965,337	20,509,708	-2.65%
Furniture and Equipment	1,109,413	442,237	150.86%
TOTALS	$ 27,367,329	$ 27,244,524	0.45%

TRI-VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis
(Continued)

Long-Term Debt

At the end of the fiscal year, the District had total debt outstanding of $1,760,000. This amount is backed by the full faith and credit of the Tri-Valley Central School District with debt service fully funded by voter approved property taxes. Activity in debt outstanding during the fiscal year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Serial Bonds	$ 4,865,000	$ 0	$ 3,105,000	$ 1,760,000

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of Aa3 to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent for Business at the school's business offices at 34 Moore Hill Rd., Grahamsville, New York, 12740.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

ASSETS	
Unrestricted Cash	$ 7,745,355
Restricted Cash	13,829,877
State & Federal Aid Receivable	1,546,937
Due from Other Governments	140,158
Other Receivables, Net	632
Non Depreciable Capital Assets	6,292,579
Capital Assets, Net	21,074,750
TOTAL ASSETS	50,630,288
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	7,825,361
Other Postemployment Benefits	3,306,972
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,132,333
LIABILITIES	
Accounts Payable	1,651,632
Accrued Liabilities	10,787
Due to Other Governments	62
Deferred Revenues	10,777
Due to Teachers' Retirement System	1,095,928
Due to Employees' Retirement System	151,787
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	870,000
Due and Payable In More Than One Year:	
Bonds Payable	890,000
Net Pension Liability - Proportionate Share	1,627,322
Compensated Absences	962,839
Other Postemployment Benefits	56,853,604
TOTAL LIABILITIES	64,124,738
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,381,014
Other Postemployment Benefits	15,109,095
TOTAL DEFERRED INFLOWS OF RESOURCES	18,490,109
NET POSITION	
Net Investment in Capital Assets	25,607,329
Restricted	14,211,536
Unrestricted	(60,671,091)
TOTAL NET POSITION	$ (20,852,226)

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
FUNCTIONS & PROGRAMS				
General Support	$ (4,731,836)	$ 0	$ 0	$ (4,731,836)
Instruction	(23,942,789)	63,176	1,545,288	(22,334,325)
Pupil Transportation	(4,054,260)	0	0	(4,054,260)
Community Services	(10,000)	0	0	(10,000)
Debt Service - Interest	(106,673)	0	0	(106,673)
School Lunch Program	(187,788)	9,166	204,782	26,160
TOTAL FUNCTIONS & PROGRAMS	$ (33,033,346)	$ 72,342	$ 1,750,070	(31,210,934)
GENERAL REVENUES				
Real Property Taxes				20,299,094
Other Tax Items				993,486
Use of Money & Property				123,900
Miscellaneous				651,257
State Sources				10,454,037
Federal Sources				49,937
TOTAL GENERAL REVENUES				32,573,411
CHANGE IN NET POSITION				1,362,477
NET POSITION, BEGINNING OF YEAR (As Restated)				(22,214,703)
NET POSITION, END OF YEAR				$ (20,852,226)

See notes to financial statement

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL	SPECIAL AID	SCHOOL LUNCH	MISCELLANEOUS SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Unrestricted Cash	$ 7,653,551	$ 66,872	$ 0	$ 0	$ 24,932	$ 0	$ 7,745,355
Restricted Cash	13,526,493	0	206,008	97,376	0	0	13,829,877
State & Federal Aid Receivable	970,531	449,695	58,711	0	68,000	0	1,546,937
Due from Other Governments	140,158	0	0	0	0	0	140,158
Due from Other Funds	1,799,355	1,905,593	333,416	0	0	22,589	4,060,953
Other Receivables, Net	632	0	0	0	0	0	632
TOTAL ASSETS	$ 24,090,720	$ 2,422,160	$ 598,135	$ 97,376	$ 92,932	$ 22,589	$ 27,323,912
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 1,551,059	$ 58,437	$ 23,233	$ 0	$ 18,903	$ 0	$ 1,651,632
Accrued Liabilities	6,180	207	0	0	0	0	6,387
Due to Other Governments	0	0	62	0	0	0	62
Due to Other Funds	1,142,050	2,362,501	0	0	556,402	0	4,060,953
Deferred Revenues	0	1,015	9,762	0	0	0	10,777
Due to Teachers' Retirement System	1,095,928	0	0	0	0	0	1,095,928
Due to Employees' Retirement System	151,787	0	0	0	0	0	151,787
TOTAL LIABILITIES	3,947,004	2,422,160	33,057	0	575,305	0	6,977,526
FUND BALANCES							
Restricted	13,526,493	0	565,078	97,376	0	22,589	14,211,536
Assigned	2,059,100	0	0	0	0	0	2,059,100
Unassigned	4,558,123	0	0	0	(482,373)	0	4,075,750
TOTAL FUND BALANCES	20,143,716	0	565,078	97,376	(482,373)	22,589	20,346,386
TOTAL LIABILITIES & FUND BALANCES	$ 24,090,720	$ 2,422,160	$ 598,135	$ 97,376	$ 92,932	$ 22,589	$ 27,323,912

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS				
Unrestricted Cash	$ 7,745,355	$ 0	$ 0	$ 7,745,355
Restricted Cash	13,829,877	0	0	13,829,877
State & Federal Aid Receivable	1,546,937	0	0	1,546,937
Due from Other Governments	140,158	0	0	140,158
Due from Other Funds	4,060,953	0	(4,060,953)	0
Other Receivables, Net	632	0	0	632
Non Depreciable Capital Assets	0	6,292,579	0	6,292,579
Capital Assets, Net	0	21,074,750	0	21,074,750
TOTAL ASSETS	27,323,912	27,367,329	(4,060,953)	50,630,288
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	0	7,825,361	0	7,825,361
Other Postemployment Benefits	0	3,306,972	0	3,306,972
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	11,132,333	0	11,132,333
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 27,323,912	$ 38,499,662	$ (4,060,953)	$ 61,762,621
LIABILITIES				
Accounts Payable	$ 1,651,632	$ 0	$ 0	$ 1,651,632
Accrued Liabilities	6,387	4,400	0	10,787
Due to Other Governments	62	0	0	62
Due to Other Funds	4,060,953	0	(4,060,953)	0
Deferred Revenues	10,777	0	0	10,777
Due to Teachers' Retirement System	1,095,928	0	0	1,095,928
Due to Employees' Retirement System	151,787	0	0	151,787
Net Pension Liability - Proportionate Share	0	1,627,322	0	1,627,322
Bonds and Notes Payable	0	1,760,000	0	1,760,000
Compensated Absences	0	962,839	0	962,839
Other Postemployment Benefits	0	56,853,604	0	56,853,604
TOTAL LIABILITIES	6,977,526	61,208,165	(4,060,953)	64,124,738
DEFERRED INFLOWS OF RESOURCES				
Pensions	0	3,381,014	0	3,381,014
Other Postemployment Benefits	0	15,109,095	0	15,109,095
TOTAL DEFERRED INFLOWS OF RESOURCES	0	18,490,109	0	18,490,109
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,977,526	79,698,274	(4,060,953)	82,614,847
FUND BALANCES / NET POSITION	20,346,386	(41,198,612)	0	(20,852,226)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	$ 27,323,912	$ 38,499,662	$ (4,060,953)	$ 61,762,621

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL	SPECIAL AID	SCHOOL LUNCH	MISCELLANEOUS SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Real Property Taxes	$ 20,299,094	$ 0	$ 0	$ 0	$ 0	$ 0	$ 20,299,094
Other Tax Items	993,486	0	0	0	0	0	993,486
Charges for Services	63,176	0	0	0	0	0	63,176
Use of Money & Property	122,726	0	404	235	0	535	123,900
Sale of Property & Compensation for Loss	1,700	0	0	0	0	0	1,700
Miscellaneous	621,622	0	413	29,635	0	0	651,670
State Sources	10,521,234	390,759	4,268	0	68,000	0	10,984,261
Federal Sources	356,228	713,041	200,514	0	0	0	1,269,783
Sales	0	0	8,753	0	0	0	8,753
TOTAL REVENUES	32,979,266	1,103,800	214,352	29,870	68,000	535	34,395,823
EXPENDITURES							
General Support	3,315,324	0	0	0	0	0	3,315,324
Instruction	15,523,441	1,128,440	0	30,841	0	0	16,682,722
Pupil Transportation	2,881,456	0	0	0	0	0	2,881,456
Community Services	10,000	0	0	0	0	0	10,000
Employee Benefits	7,490,981	3,230	0	0	0	0	7,494,211
Debt Service:							
Principal	3,105,000	0	0	0	0	0	3,105,000
Interest	111,050	0	0	0	0	0	111,050
Cost of Sales	0	0	167,695	0	0	0	167,695
Capital Outlay	0	0	0	0	846,671	0	846,671
TOTAL EXPENDITURES	32,437,252	1,131,670	167,695	30,841	846,671	0	34,614,129
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	542,014	(27,870)	46,657	(971)	(778,671)	535	(218,306)
OTHER SOURCES & USES							
Operating Transfers In	0	27,870	0	0	0	0	27,870
Operating Transfers (Out)	(27,870)	0	0	0	0	0	(27,870)
TOTAL OTHER SOURCES & USES	(27,870)	27,870	0	0	0	0	0
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	514,144	0	46,657	(971)	(778,671)	535	(218,306)
FUND BALANCES, BEGINNING OF YEAR (As Restated)	19,629,572	0	518,421	98,347	296,298	22,054	20,564,692
FUND BALANCES, END OF YEAR	$ 20,143,716	$ 0	$ 565,078	$ 97,376	$ (482,373)	$ 22,589	$ 20,346,386

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	$ 20,299,094	$ 0	$ 0	$ 0	$ 0	$ 20,299,094
Other Tax Items	993,486	0	0	0	0	993,486
Charges for Services	63,176	0	0	0	0	63,176
Use of Money & Property	123,900	0	0	0	0	123,900
Miscellaneous	651,670	0	0	0	0	651,670
State Sources	10,984,261	0	0	0	0	10,984,261
Federal Sources	1,269,783	0	0	0	0	1,269,783
Sales	8,753	0	0	0	0	8,753
TOTAL REVENUES	34,395,823	0	0	0	0	34,395,823
EXPENDITURES						
General Support	3,315,324	(33,351)	100,467	0	1,349,396	4,731,836
Instruction	16,682,722	(133,405)	549,218	0	6,844,254	23,942,789
Pupil Transportation	2,881,456	0	0	0	1,172,804	4,054,260
Community Services	10,000	0	0	0	0	10,000
Employee Benefits	7,494,211	1,818,155	0	0	(9,312,366)	0
Debt Service:						
Principal	3,105,000	0	0	(3,105,000)	0	0
Interest	111,050	(4,377)	0	0	0	106,673
Cost of Sales	167,695	0	20,093	0	0	187,788
Capital Outlay	846,671	0	(792,583)	0	(54,088)	0
TOTAL EXPENDITURES	34,614,129	1,647,022	(122,805)	(3,105,000)	0	33,033,346
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(218,306)	(1,647,022)	122,805	3,105,000	0	1,362,477
OTHER SOURCES & USES						
Operating Transfers In	27,870	0	0	0	(27,870)	0
Operating Transfers (Out)	(27,870)	0	0	0	27,870	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	$ (218,306)	$ (1,647,022)	$ 122,805	$ 3,105,000	$ 0	$ 1,362,477

See notes to financial statement.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

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

A. Reporting Entity

The Tri-Valley Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue Fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

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

During the year ended June 30, 2021, the Tri-Valley Central School District was billed $3,453,349 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $997,083. Financial statements for BOCES are available from the BOCES administrative office at Wierk Ave., Liberty, New York 12754.

C. Basis of Presentation

1. District-Wide Statements

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

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements
The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

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

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for the Scholarship and Extraclassroom Activity Funds.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

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

The District-wide 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on September 1, 2020. Taxes were collected by the District during the period September 1, 2020 through November 2, 2020.

Uncollected real property taxes are subsequently enforced by Sullivan County. Sullivan County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 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.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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 expenditure and revenues to provide financing or other services.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

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

New York State law governs the District's investment policies. Resources must be deposited in 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 United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

J. Accounts Receivable

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

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, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for these non-liquid assets has been recognized in the School Lunch Fund 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.

L. Other Assets/Restricted Assets:

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

M. Deferred Outflows and Inflows of Resources

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, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The District reports deferred outflows related to pensions. For additional information on these deferred outflows related to pensions, see Note 8. The second deferred outflow is related to other postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 10.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The District reports deferred inflows of resources in the Statement of Net Position related to pensions reported in the district-wide statements. For additional information on deferred inflows related to pensions, see Note 8.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

M. Deferred Outflows and Inflows of Resources (Continued)

The District also reports deferred inflows of resources in the Statement of Net Position related to other postemployment benefits reported in the district-wide statements. For additional information on deferred inflows related to other postemployment benefits, see Note 10.

N. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0	N/A	N/A
Buildings and Improvements	10,000	Straight Line	15 - 50 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	5 - 20 years

O. Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Unearned revenues recorded in governmental funds are typically adjusted prior to inclusion in the District-wide statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

2. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Short-Term Debt (Continued)

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

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

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, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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 in the Statement of Net Position.

S. Equity Classifications

1. District-wide Statements

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

Net Investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District did not classify any of its fund balances as nonspendable as of June 30, 2021.

Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following reserves that have been included in restricted fund balance:

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General fund.

Unemployment Insurance Reserve

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

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Capital Reserve

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

Workers' Compensation Reserve

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

Employee Benefit Accrued Liability Reserve

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

Repair Reserve

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. 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.

Insurance Loss Reserve

According to General Municipal Law §6-2, must be 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

Restricted fund balance at June 30, 2021 consisted of:

General Fund:	
Unemployment Insurance Reserve	$ 192,894
Workers Comp Reserve	951,563
Capital Reserve	7,425,693
Repair Reserve	363,460
Retirement Contribution Reserve	271,913
Insurance Loss Reserve	3,082,663
Employee Benefit Reserve	1,238,307
School Lunch Fund	565,078
Miscellaneous Special Revenue	97,376
Debt Service Fund	22,589
Total Restricted Fund Balance	$ 14,211,536

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2021.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

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

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:
The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:
NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

T. New Accounting Standards

GASB has issued Statement 84, Fiduciary Activities, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The District has implemented Statement 84 as required.

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information of certain component units. The District has implemented Statement 90 as required.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). The District has implemented Statement 93 as required.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Future Changes in Accounting Standards (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the 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. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2021 were as follows:

Original Cost of Capital Assets	$ 43,398,242
Accumulated Depreciation	(16,030,913)
	$ 27,367,329

2. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2021 was as follows:

Accrued Interest	$ 4,400

3. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2021 were as follows:

Bonds Payable	$ 1,760,000
Compensated Absences	962,839
Deferred Outflows of Resources - OPEB	(3,306,972)
Other Postemployment Benefits	56,853,604
Deferred Inflows of Resources - OPEB	15,109,095
	$ 71,378,566

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (Continued)

4. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2021 were as follows:

Deferred Outflow of Resources - Pensions	$ 7,825,361
Net Pension Liability - Proportionate Share	(1,627,322)
Deferred Inflow of Resources - Pensions	(3,381,014)
	$ 2,817,025

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities: (Continued)

3. Long-Term Debt Transaction Differences

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

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

5. Other Post Employment Benefit (OPEB) Related Differences
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues

Total revenues reported in governmental funds (Schedule 5)	$ 34,395,823
Differences	0
Total revenues in the Statement of Activities (Schedule 2)	$ 34,395,823

Total Expenditures

Total expenditures reported in governmental funds (Schedule 5)	$ 34,614,129
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $792,583 were more than depreciation of $669,778 in the current year.	(122,805)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities: (Continued)

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.	767,036
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The amount by which compensated absences used exceeded the amount earned during the year was $166,756.	(166,756)
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year.	(4,377)
In the Statement of Activities and Changes in Net Position, pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was more than the amount of financial resources expended during the year.	1,051,119

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities: (Continued)

Repayment of bond principal of $3,105,000 reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities or Changes in Net Position.	(3,105,000)
Total expenses in the Statement of Activities (Schedule 2)	$ 33,033,346

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the year ended June 30, 2021, the District implemented GASB Statement #84, *Fiduciary Activities.* The implementation of the statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. See note 17 for the financial statement impact of the implementation of the statement.

NOTE 4. STEWARDSHIP AND COMPLIANCE.

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) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments 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. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

NOTE 4. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)
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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Other Stewardship and Compliance Matters
The District was in compliance with all legal and contractual provisions for the fiscal year.

NOTE 5. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$ 0.
Collateralized with securities held by the pledging financial institution, or or its trust department or agent, but not in the District's name	$ 21,190,981.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $13,829,877 within the governmental funds.

The District does not typically purchase investments for a 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.

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

NOTE 6. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 93,000	$ 0	$ 0	$ 93,000
Construction in Progress	6,199,579	0	0	6,199,579
Total Nondepreciable Assets	6,292,579	0	0	6,292,579
Capital assets that are depreciated:				
Buildings and Improvements	35,048,998	0	0	35,048,998
Furniture & Equipment	1,273,819	792,583	(9,737)	2,056,665
Total Depreciable Assets	36,322,817	792,583	(9,737)	37,105,663
Accumulated Depreciation:				
Buildings and Improvements	(14,539,290)	(544,371)	0	(15,083,661)
Furniture & Equipment	(831,582)	(125,407)	9,737	(947,252)
	(15,370,872)	(669,778)	9,737	(16,030,913)
Capital Assets, Net	$ 27,244,524	$ 122,805	$ 0	$ 27,367,329

Depreciation expense was charged to governmental functions as follows:

General Support	$ 100,467
Instruction	549,218
Cost of Sales	20,093
Total Depreciation	$ 669,778

NOTE 7. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Bonds Payable	$ 4,865,000	$ 0	$ 3,105,000	$ 1,760,000	$ 870,000
Total Bonds Payable	4,865,000	0	3,105,000	1,760,000	870,000
Other Liabilities:					
Compensated Absences	1,129,595	0	166,756	962,839	0
Other Postemployment Benefits	56,383,061	4,060,571	3,590,028	56,853,604	0
Net Pension Liability - Proportionate Share	2,221,967	0	594,645	1,627,322	0
Total Other Liabilities	59,734,623	4,060,571	4,351,429	59,443,765	0
Total Long-Term Liabilities	$ 64,599,623	$ 4,060,571	$ 7,456,429	$ 61,203,765	$ 870,000

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
2012 Bond Issue	10/23/12	05/15/23	Var.	$ 1,760,000

NOTE 7. LONG-TERM LIABILITIES. (Continued)

The following is a summary of maturing debt service requirements:

	Bonds and Notes Payable	
For the Year Ended June 30,	Principal	Interest
2022	$ 870,000	$ 35,200
2023	890,000	17,800
TOTAL	$ 1,760,000	$ 53,000

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

Interest paid	$ 111,050
Less: Interest accrued in the prior year	(8,777)
Plus: Interest accrued in the current year	4,400
Total interest expense	$ 106,673

NOTE 8. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

NOTE 8. PENSION PLANS. (Continued)

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System s website located at www.nystrs.org.

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tiers 3, 4, and 5 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 and 2 members are generally eligible for a service retirement benefit of 2.0% per year of credited service times final average salary (FAS). A 5% reduction generally applies for each full year of state service under 20 years (prorated for partial years with a maximum reduction of 50%). Tier 1 and 2 members may retire as early as age 55 with five or more years of state service credit. Retirement may also occur for Tier 1 members at age 55 with less than five years of service if two years are credited since July 1, 1967, after the current membership date, and since the member turned age 53.

Generally, the maximum pension payable to Tier 1 and 2 members (with two years of credit under the Article 19 Benefit Enhancement law) is 79% of FAS. An age factor applies to Tier 2 members who retire before age 62 with less than 30 years of service. There is no age factor for Tier 1 members.

Tier 3 and 4 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 2.0% per year for 20 to 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 3 and 4 members may retire as early as age 55 with five years of state service credit. An age factor applies for Tier 3 and 4 members who retire before age 62 with less than 30 years of service.

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Service Retirements (Continued)

Tier 5 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 25 years of service, 2.0% per year for 25 to 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 5 members may retire as early as age 55 with 10 years of state service credit. An age factor applies to Tier 5 members who retire before age 57 or retire between age 57 and 62 with less than 30 years of service.

Tier 6 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 1.75% per year for 20 years of service, and 35% of FAS plus 2% per year for service beyond 20 years. Tier 6 members may retire as early as age 55 with 10 years of state service credit. An age factor applies for Tier 6 members who retire before age 63.

Vested Benefits

Retirement benefits for Tiers 1-4 are vested after five years of credited service while benefits for Tiers 5-6 are vested after 10 years of credited service. Benefits are payable at age 55 or greater with the limitations noted for service retirements above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service, except for Tier 3 where disability retirement is permissible after five years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After two years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and tier of membership.

NOTE 8. PENSION PLANS. (Continued)

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for five years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for five years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3.0% nor be lower than 1.0%. It is applied to the first $18,000 of the annual benefit. The applicable percentage payable beginning September 2020 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of $17,500 for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the Consumer Price Index with a maximum per annum increase of 3.0%.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	NYSTRS	NYSERS
2020 - 2021	$ 880,895	$ 429,267
2019 - 2020	$ 1,040,306	$ 405,425
2018 - 2019	$ 933,799	$ 391,234

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. 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.

NOTE 8. PENSION PLANS. (Continued)

	ERS	TRS
Actuarial Valuation Date	3/31/2021	6/30/2020
Net Pension asset/(liability)	$ (8,680)	$ (1,618,642)
District's Portion of the Plan's total net pension asset/(liability)	0.0087176%	0.0585770%

At March 31, 2021, the District's proportion of the NYSERS net pension liability/(asset) was .0087176%, which was an increase of .000327% from its proportion measured as of March 31, 2020.

At June 30, 2020, the District's proportion of the NYSTRS net pension liability/(asset) was .058577%, which was an decrease of .000109% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District's recognized pension expense of $246,083 for ERS and $2,234,593 for TRS in the government-wide financial statements. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	ERS	TRS	Total	ERS	TRS	Total
Differences between expected and actual experience	$ 106,012	$ 1,418,254	$ 1,524,266	$ 0	$ 82,952	$ 82,952
Changes of Assumptions	1,596,057	2,047,206	3,643,263	30,102	729,722	759,824
Net difference between projected and actual earnings on pension plan investments	0	1,057,115	1,057,115	2,493,540	0	2,493,540
Changes in proportion and difference between the District's contributions and proportionate share of contributions	166,322	186,680	353,002	34,878	9,820	44,698
District's contributions subsequent to the measurement date	151,787	1,095,928	1,247,715	0	0	0
Total	$ 2,020,178	$ 5,805,183	$ 7,825,361	$ 2,558,520	$ 822,494	$ 3,381,014

NOTE 8. PENSION PLANS. (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the 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:

Year Ended:	ERS	TRS
2021	$ 0	$ 685,881
2022	105,475	1,328,199
2023	21,668	1,097,608
2024	104,143	670,467
2025	458,842	28,826
Thereafter	0	75,781

Actuarial Assumptions

The total ERS pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The total TRS pension liability at June 30, 2020 was determined by using an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions.

Significant actuarial assumptions used in the actuarial valuations referred to above were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Inflation Rate	2.7%	2.2%
Projected Salary Increases	4.4%	Rates of increase differ based on service. Service / Rate 5 / 4.72% 15 / 3.46% 25 / 2.37% 35 / 1.90%
Investment Rate of Return	5.9% compounded annually, net of investment expenses	7.10% compounded annually, net of pension plan investment expense, including inflation
Decrements	Actuarial experience study for the period April 1, 2015 to March 31, 2020	Actuarial experience study for the period July 1, 2009 to June 30, 2014
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2019

NOTE 8. PENSION PLANS. (Continued)

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from financial statement presentation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	
Measurement Date	March 31, 2021	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS Portfolio	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
Total	100%	

	TRS	
Measurement Date	June 30, 2020	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	33%	7.10%
International Equity	16%	7.70%
Global Equity	4%	7.40%
Real Estate	11%	6.80%
Private Equity	8%	10.40%
Domestic Fixed Income	16%	1.80%
Global Bonds	2%	1.00%
High-Yield Bonds	1%	3.90%
Private Debt	1%	5.20%
Real estate Debt	7%	3.60%
Cash Equivalents	1%	70.00%
Total	100%	

*For TRS Real rates of return are net of long-term inflation assumption of 2.2% for 2020.
*For ERS Real rates of return are net of long-term inflation assumption of 2.0% for 2021.

Discount Rate
The discount rate used to calculate the total pension liability was 5.9% 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 System's 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 Districts' proportionate share of the ERS & TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

NOTE 8. PENSION PLANS. (Continued)

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (2,409,360)	$ (8,680)	$ 2,205,308

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(10,224,405)	(1,618,642)	5,603,773

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Employers' total pension asset/(liability)	$ (220,680,157)	$ (123,242,776)
Plan net position	220,580,583	120,479,505
Employer's net pension asset/(liability)	$ (99,574)	$ (2,763,271)
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.80%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contributions for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $151,787.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through state aid intercept. Accrued retirement contributions as of June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2021 amounted to $1,095,928.

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2021, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 1,799,355	$ 1,142,050	$ 0	$ 27,870
Special Aid Fund	1,905,593	2,362,501	27,870	0
School Lunch Fund	333,416	0	0	0
Capital Fund	0	556,402	0	0
Debt Service Fund	22,589	0	0	0
Totals	$ 4,060,953	$ 4,060,953	$ 27,870	$ 27,870

Interfund receivables and payables are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 10. POST-EMPLOYMENT BENEFITS.

General Information about the OPEB Plan
Plan Description – The District's defined benefit OPEB plan ("the District's OPEB plan"), provides OPEB for all permanent full-time general and public safety employees of the District. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District's OPEB plan provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. Minimum eligibility requirements for post-employment benefits are as follows:

- The retiree has attained age 55 years while in the employment of the District and meets the follow service requirements:
    - 5 years of full-time service for Administrative employees
    - 10 years of full-time service for Support Staff
    - 10 years of full-time service for Teachers
- The retiree is receiving retirement benefits from the NYS Employees' Retirement System or the NYS Teachers' Retirement System

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

General Information about the OPEB Plan

Retirees & Spouses contribute to the cost of their benefits based upon their Cost Sharing agreement with the School District. Arrangements are written to identify the percentage that the District pays for the Retiree, then the percentage the District pays for the Spouse. Contribution amounts are the Participant's share of the cost multiplied by the Blended Premium found in the Assumption section of the report. Cost Sharing percentages for current Retirees & Spouses were communicated in the data from the District and used in the valuation.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	168
Active employees	192
Total Employees Covered by Benefit Terms	360

Total OPEB Liability

The District's total OPEB liability of $56,853,604 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.21%
Healthcare Cost Trend Rates	Pre-65: 5.75% for 2021, decreasing to an ultimate rate of 4.5% for 2028 and later years Post-65: 5.00% for 2021, decreasing to an ultimate rate of 4.5% for 2028 and later years
Future Retirees' Share of Benefit Related Costs	Contributions vary by bargaining unit.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 GO Bond Index.

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table projected generationally with MP-2018 from the central year.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 - June 30, 2020.

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2020	$ 56,383,061
Changes for the Year:	
Service cost	2,027,869
Interest	2,032,702
Changes of benefit terms	0
Differences between expected and actual experience	(551,415)
Changes in assumptions or other inputs	(2,031,586)
Benefit payments	(1,007,027)
Net Changes	470,543
Balance at June 30, 2021	$ 56,853,604

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	$ 68,360,402	$ 56,853,604	$ 47,872,177

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 or 1 percentage point higher than the current healthcare cost trend rate:

	Trend Rate Less 1%	Current Health Care Cost Trend Rates	Trend Rate Plus 1%
Total OPEB Liability	$ 46,961,469	$ 56,853,604	$ 69,923,683

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of $1,748,556. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 2,831,671
Changes of assumptions or other inputs	2,325,452	12,277,424
District's contributions subsequent to the measurement date	981,520	0
Total	$ 3,306,972	$ 15,109,095

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

Fiscal Year Ending June 30,	Amount
2022	$ (2,312,015)
2023	(2,312,015)
2024	(2,312,015)
2025	(2,312,015)
2026	(2,100,577)
Thereafter	(1,435,006)

NOTE 11. RISK MANAGEMENT.

General Information

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.

Pool, Non-Risk Retained

The District participates in Sullivan BOCES School District Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain limits and the District has essentially transferred all related risk to the pool.

Other Contingencies

The District has several claims that are currently being litigated with the support of legal counsel. The results of this litigation are unknown at this time.

NOTE 12. COMMITMENTS AND CONTINGENCIES.

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

NOTE 13. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. As discussed in Note 1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2021 the amount of encumbrances expected to be honored upon performance by the vendor in the subsequent year were as follows:

General Fund	$ 550,017
Capital Fund	491,321
	$ 1,041,338

NOTE 14. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

Donor-restricted endowments are reported at fair value. The amount of donor-restricted endowments that is available for authorization for expenditure by the District is $18,657.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 15. TAX ABATEMENTS.

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with two entities as of June 30, 2021:

	Amount of PILOTS Received During the Year	Amount of Taxes Abated During the Year
West Deleware Hydro Association LP	$ 94,215	$ 311,756
Four Goats LLC	$ 12,731	$ 6,857

Each agreement was negotiated under New York State law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements of annual property taxes through a direct reduction of the entity's property tax bill. The New York State law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.
The District has not made any commitments as part of the agreements other than to reduce property taxes.

NOTE 16. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 14, 2021 the date that the financial statements were available to be issued. No other significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

NOTE 17. RESTATEMENT OF NET POSITION AND FUND BALANCE (DEFICITS)

For the fiscal year ended June 30, 2021, the District implemented GASB Statement 84, *Fiduciary Activities*. GASB Statement 84 changes how the Scholarship Funds and the Extraclassroom Activity Funds are reported. The District now reports a Miscellaneous Special Revenue Fund that reports the Scholarship Funds and the Extraclassroom Activity Funds. The District also went under a physical inventory review of capital assets that resulted in a prior period adjustment resulting in a restatement of Capital Assets, Net at June 30, 2020. The District's net position and fund balance have been restated as follows:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	
Fund Balance Beginning of Year, as Previously Stated	$ 20,466,345
Plus: Miscellaneous Special Revenue Fund Balance at June 30, 2020	98,347
Fund Balance Beginning of Year, as Restated	$ 20,564,692
Statement of Activities	
Net Position Beginning of Year, as Previously Stated	$ (20,673,114)
Plus: Miscellaneous Special Revenue Fund Balance at June 30, 2020	98,347
Less: Capital Assets, Net Adjustment	(1,639,936)
Net Position Beginning of Year, as Restated	$ (22,214,703)

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability					
Service cost	$ 2,027,869	$ 1,759,036	$ 1,951,294	$ 2,374,116	$ 0
Interest	2,032,702	2,013,760	2,133,427	1,863,972	0
Changes of benefit terms	0	0	1,650,151	0	0
Differences between expected and actual experience	(551,415)	(418,258)	(3,123,302)	0	0
Changes in assumptions or other inputs	(2,031,586)	3,228,540	(9,016,897)	(8,438,390)	36,969,694
Benefit payments	(1,007,027)	(943,278)	(977,498)	(1,394,268)	0
Net change in total OPEB liability	470,543	5,639,800	(7,382,825)	(5,594,570)	36,969,694
Total OPEB liability-beginning	56,383,061	50,743,261	58,126,086	63,720,656	26,750,962
Total OPEB liability-ending	$ 56,853,604	$ 56,383,061	$ 50,743,261	$ 58,126,086	$ 63,720,656
Covered-employee payroll	$ 12,799,489	$ 12,522,518	$ 12,092,975	$ 12,730,626	$ 12,730,626
Total OPEB liability as a percentage of covered-employee payroll	444.19%	450.25%	419.61%	456.58%	500.53%

Notes to Schedule:

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

6/30/20 Measurement Date	2.21%
6/30/19 Measurement Date	3.51%
6/30/18 Measurement Date	3.87%

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

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
REVENUES				
LOCAL SOURCES:				
Real Property Taxes	$ 20,298,051	$ 20,298,051	$ 20,299,094	$ 1,043
Other Tax Items	970,270	970,270	993,486	23,216
Charges for Services	92,100	92,100	63,176	(28,924)
Use of Money & Property	80,000	80,000	122,726	42,726
Sale of Property & Compensation for Loss	1,250	1,250	1,700	450
Miscellaneous	265,250	265,250	621,622	356,372
STATE SOURCES	11,406,168	11,406,168	10,521,234	(884,934)
FEDERAL SOURCES	25,000	25,000	356,228	331,228
TOTAL REVENUES	33,138,089	33,138,089	$ 32,979,266	$ (158,823)
APPROPRIATED FUND BALANCE	2,141,652	4,316,472		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	$ 35,279,741	$ 37,454,561		

See paragraph on supplementary schedules included in the auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
EXPENDITURES					
GENERAL SUPPORT:					
Board of Education	$ 51,085	$ 51,085	$ 43,516	$ 213	$ 7,356
Central Administration	293,864	293,864	296,409	490	(3,035)
Finance	596,053	596,053	539,457	0	56,596
Staff	150,950	150,950	64,508	0	86,442
Central Services	2,386,391	2,434,736	1,820,427	261,697	352,612
Special Items	623,600	623,600	551,008	0	72,592
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,019,702	1,146,177	822,950	150	323,077
Teaching - Regular School	7,907,241	7,907,241	7,568,397	40,821	298,023
Programs for Children with Handicapping Conditions	4,739,596	4,739,596	4,381,835	136,752	221,009
Occupational Education	595,832	595,832	437,497	0	158,335
Teaching - Special Schools	768,777	768,777	760,537	0	8,240
Instructional Media	1,268,728	1,268,728	1,032,193	78,018	158,517
Pupil Services	1,263,048	1,263,048	520,032	31,876	711,140
PUPIL TRANSPORTATION	3,420,750	3,420,750	2,881,456	0	539,294
COMMUNITY SERVICES	10,500	10,500	10,000	0	500
EMPLOYEE BENEFITS	8,929,074	8,929,074	7,490,981	0	1,438,093
DEBT SERVICE:					
Debt Service - Principal	1,105,000	3,105,000	3,105,000	0	0
Debt Service - Interest	111,050	111,050	111,050	0	0
TOTAL EXPENDITURES	35,241,241	37,416,061	32,437,253	550,017	4,428,791
OTHER USES:					
Operating Transfers Out	38,500	38,500	27,869	0	10,631
TOTAL EXPENDITURES & OTHER USES	$ 35,279,741	$ 37,454,561	32,465,122	$ 550,017	$ 4,439,422
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			$ 514,144		

See paragraph on supplementary schedules included in the auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
District's proportion of the net pension asset/(liability)	0.0087176%	0.0083909%	0.0087759%	0.0097180%	0.0094327%	0.0098545%	0.0750140%	0.0750140%
District's proportionate share of the net pension asset/(liability)	$ (8,680)	$ (2,221,967)	$ (621,802)	$ (313,644)	$ (886,322)	$ (1,581,681)	$ (349,389)	$ (467,355)
District's covered-employee payroll	$ 3,070,579	$ 3,229,732	$ 2,667,075	$ 3,538,153	$ 3,468,777	$ 3,400,762	$ 3,334,080	$ 3,268,706
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-0.28%	-68.80%	-23.31%	-8.86%	-25.55%	-46.51%	-10.48%	-14.30%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.15%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's proportion of the net pension asset/(liability)	0.058577%	0.058686%	0.058497%	0.060176%	0.062033%	0.062131%	0.066248%	0.067079%
District's proportionate share of the net pension asset/(liability)	$ (1,618,642)	$ 1,524,678	$ 1,057,786	$ 457,394	$ (664,394)	$ 6,453,482	$ 7,379,648	$ 441,547
District's covered-employee payroll	$ 10,217,905	$ 10,017,554	$ 9,821,131	$ 9,628,560	$ 9,941,564	$ 9,746,631	$ 9,513,473	$ 9,326,934
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-15.84%	15.22%	10.77%	4.75%	-6.68%	66.21%	77.57%	4.73%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Contractually required contribution	$ 429,267	$ 405,425	$ 391,234	$ 422,472	$ 394,851	$ 436,617	$ 610,478	$ 520,550
Contributions in relation to the contractually required contribution	429,267	405,425	391,234	422,472	394,851	436,617	610,478	520,550
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 3,070,579	$ 3,229,732	$ 2,667,075	$ 3,538,153	$ 3,468,777	$ 3,400,762	$ 3,334,080	$ 3,268,706
Contributions as a percentage of its covered-employee payroll	13.98%	12.55%	14.67%	11.94%	11.38%	12.84%	18.31%	15.93%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Contractually required contribution	$ 880,895	$ 1,040,306	$ 933,799	$ 1,117,600	$ 1,269,279	$ 1,636,074	$ 1,590,210	$ 1,608,056
Contributions in relation to the contractually required contribution	880,895	1,040,306	933,799	1,117,600	1,269,279	1,636,074	1,590,210	1,608,056
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 10,217,905	$ 10,017,554	$ 9,821,131	$ 9,628,560	$ 9,941,564	$ 9,746,631	$ 9,513,473	$ 9,326,934
Contributions as a percentage of its covered-employee payroll	8.62%	10.38%	9.51%	11.61%	12.77%	16.79%	16.72%	17.24%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET			$	34,870,077
ADDITIONS:				
Encumbrances from Prior Year				409,664
ORIGINAL BUDGET				35,279,741
BUDGET REVISIONS				
Appropriated Reserve - Employee Benefit				174,820
Appropriated Reserve - Tax Certiorari				2,000,000
FINAL BUDGET			$	37,454,561

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Voter-approved expenditure budget maximum allowed (4% of 2021-2022 budget of $35,171,263)			$	1,406,851
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law				
Unrestricted Fund Balance:				
Assigned Fund Balance	$	2,059,100		
Unassigned Fund Balance		4,558,123		
Total Unrestricted Fund Balance	$	6,617,223		
Less:				
Appropriated Fund Balance	$	1,509,083		
Encumbrances included in Committed and Assigned Fund Balance		550,017		
Total Adjustments	$	2,059,100		
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			$	4,558,123
Actual Percentage				12.96%

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2021

			EXPENDITURES TO DATE				METHODS OF FINANCING				
	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	PROCEEDS FROM DEBT	STATE AID	LOCAL SOURCES	TOTAL	FUND BALANCE JUNE 30, 2021
Local Projects	$ 460,000	$ 460,000	$ 424,428	$ 0	$ 424,428	$ 35,572	$ 0	$ 0	$ 460,000	$ 460,000	$ 35,572
School Renovation	5,742,000	5,742,000	5,726,756	0	5,726,756	15,244	3,620,000	0	2,118,182	5,738,182	11,426
Reconstruction Project	8,000,000	8,000,000	6,930,131	0	6,930,131	1,069,869	0	0	7,297,521	7,297,521	367,390
Security Vestibule	112,977	112,977	87	0	87	112,890	0	0	114,658	114,658	114,571
Smart Schools Bond	863,008	863,008	0	578,107	578,107	284,901	0	68,000	0	68,000	(510,107)
Energy Perfomance	2,165,000	2,165,000	0	5,100	5,100	2,159,900	0	0	0	0	(5,100)
2020 District-Wide	11,000,000	11,000,000	732,661	263,464	996,125	10,003,875	0		500,000	500,000	(496,125)
	$ 28,342,985	$ 28,342,985	$ 13,814,063	$ 846,671	$ 14,660,734	$ 13,682,251	$ 3,620,000	$ 68,000	$ 10,490,361	$ 14,178,361	$ (482,373)

See paragraph on supplementary schedules included in auditor's report.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS, NET		$ 27,367,329
DEDUCTIONS:		
Short-term Portion of Bonds Payable	$ 870,000	
Long-term Portion of Bonds Payable	890,000	
Total Deductions		1,760,000
NET INVESTMENT IN CAPITAL ASSETS		$ 25,607,329

See paragraph on supplementary schedules included in auditor's report.

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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 President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Tri-Valley Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tri-Valley Central School District's basic financial statements and have issued our report thereon dated October 14, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Tri-Valley Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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.

Nugent & Haeussler, P.C.

Montgomery, New York
October 14, 2021

NH

Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

Report on Compliance for Each Major Federal Program

We have audited Tri-Valley Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tri-Valley Central School District's major federal programs for the year ended June 30, 2021. Tri-Valley Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Tri-Valley Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tri-Valley Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Tri-Valley Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Tri-Valley Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Tri-Valley Central School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tri-Valley Central School District's internal control over compliance with types of the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tri-Valley Central School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nugent + Haeussler, P.C.

Montgomery, New York
October 14, 2021

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSITANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Lunch Program	10.555	N/A	0	130,669
National School Breakfast Program	10.553	N/A	0	46,737
Cash Assistance Subtotal			0	177,406
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A	0	23,108
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER			0	200,514
U.S. DEPARTMENT OF EDUCATION				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA - Part B, Section 611	84.027	0032-21-0678	$ 50,232	$ 253,984
IDEA - Part B, Section 619	84.173	0033-21-0678	1,495	5,664
Total Special Education Cluster			51,727	259,648
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act				
Governor's Emergency Education Relief (GEER) Fund	84.425C	5890-21-3610	0	53,725
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5895-21-3610	0	252,566
Total Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act			0	306,291
Title I Parts A&D, Basic Program	84.010	0021-20-2235	0	770
Title I Parts A&D, Basic Program	84.010	0021-21-2235	0	398,728
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-20-2235	0	1,600
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-21-2235	0	44,269
Title IV SSAE ALL	84.424	0204-21-3305	0	8,025
Total Passed-through NYS Education Department			51,727	453,392
TOTAL U.S. DEPARTMENT OF EDUCATION			51,727	1,019,331
TOTAL FEDERAL AWARDS EXPENDED			$ 51,727	$ 1,219,845

See Notes Schedule of Expenditures of Federal Awards.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $23,108 of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

NOTE 3. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS
Type of Report the Auditor Issued on Whether the Financial Statements Audited Were Presented in Accordance with GAAP: Unmodified

Internal Control over Financial Reporting:
Material weakness(es) identified? ____ Yes _X_ No

Significant deficiency(ies) identified? ____ Yes _X_ None Reported

Noncompliance material to financial statements noted? ____ Yes _X_ No

FEDERAL AWARDS
Internal Control over Major Programs:
Material weakness(es) identified? ____ Yes _X_ No

Significant deficiency(ies) identified? ____ Yes _X_ None Reported

Type of Auditor's Opinion Issued on Compliance for Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)? ____ Yes _X_ No

IDENTIFICATION OF MAJOR PROGRAMS:

ASSISTANCE LISTING NUMBERS	NAME OF FEDERAL PROGRAM OR CLUSTER
10.553, 10.555	Child Nutrition Cluster
84.425	Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000.00

Auditee qualified as low-risk auditee? ____ Yes _X_ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR 200.516(a).

NH Nugent & Haeussler, P.C.
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Tri-Valley Central School District
Grahamsville, New York

We have audited the accompanying financial statements of the Tri-Valley Central School District's extraclassroom activity funds, which comprise the statement of assets, liabilities, and fund balance–cash basis as of June 30, 2021, and the related statement of receipts and disbursements–cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the extraclassroom activity funds of the Tri-Valley Central School District as of June 30, 2021, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Nugent & Haeussler, P.C.

Montgomery, New York
October 14, 2021

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2021

ASSETS

Cash	$	78,719

FUND BALANCE

Fund Balance, Beginning of Year	$	77,254
Excess of Receipts over Disbursements		1,465
Fund Balance, End of Year	$	78,719

See notes to financial statement

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	CASH BALANCE JUNE 30, 2020	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2021
Class of 2025	$ 168	$ 0	$ 0	$ 168
Class of 2024	791	519	36	1,274
Class of 2023	2,043	791	83	2,751
Class of 2022	2,344	931	2,074	1,201
Class of 2021	6,098	2,009	4,671	3,436
Class of 2020	5,683	7	5,000	690
Class of 2019	1,052	0	1,052	0
Art Club	932	2	0	934
Animal Lovers Club	141	0	0	141
FBLA	6,048	236	473	5,811
FCCLA	1,037	3	0	1,040
FFA	7,993	6,703	3,923	10,773
Friends of Rachel (ES)	1,233	3	0	1,236
Frost Valley (Grade 6)	5,702	1,984	0	7,686
S.S.S.C	10,222	1,581	166	11,637
E.S.S.C.	5,287	13	236	5,064
7/8 Grade SC	2,027	29	0	2,056
6-7-8 Life Skills Academy	943	2	85	860
Jr. FBLA	960	2	219	743
Jr. National H.S	29	0	0	29
Music	3,490	78	0	3,568
National Honors Society	2,528	2,385	0	4,913
Theatre Club	2,439	6	129	2,316
TC Alan Moss	0	5,003	0	5,003
Yearbook	8,063	7,533	10,209	5,387
Total Extraclassroom	$ 77,254	$ 29,821	$ 28,356	$ 78,719

See notes to financial statement.

TRI-VALLEY CENTRAL SCHOOL DISTRICT
GRAHAMSVILLE, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Tri-Valley Central School District. We have included the Extraclassroom Activity Fund balances within the Miscellaneous Special Revenue Fund of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.

(b) The books and records of the Tri-Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

(c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.

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

July , 2022

The Board of Education of
Three Village Central School District of Brookhaven and Smithtown,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Three Village Central School District of Brookhaven and Smithtown (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 $45,000,000 Tax Anticipation Notes for 2022-2023 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 without limitations as to rate or amount. 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 Three Village Central School District of Brookhaven and Smithtown, 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 July 19, 2022.

"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 $45,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated July 19, 2022, maturing on June 28, 2023, 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 **July 19, 2022.**

THREE VILLAGE CENTRAL SCHOOL DISTRICT OF BROOKHAVEN AND SMITHTOWN

By____

President of the Board of Education