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

PRELIMINARY OFFICIAL STATEMENT DATED JULY 25, 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.

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

$43,500,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES

(the "Notes")

Date of Issue: August 16, 2022 **Maturity Date: June 28, 2023**

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

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 August 3, 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 August 16, 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.

August , 2022

*Preliminary, subject to change.

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

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Centereach, NY 11720
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BOARD OF EDUCATION

Dawn Sharrock, President
Robert Feeney, Vice President

Arlene Barresi
John Debenedetto
Doreen Feldmann
Denise Haggerty
Robert Hallock
Deborah Mann-Rodriquez
Kathleen Walsh

Dr. Roberta Gerold, Superintendent of Schools
Dr. Beth Rella, Assistant Superintendent for Business
Stephanie Larkin, District Clerk
Janet Camarda, District Treasurer
Guercio & Guercio, School District Counsel

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Munistat
Municipal Financial Advisory Service
Since 1977

12 Roosevelt Avenue
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(631) 331-8888

E-mail: info@munistat.com

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS - CONTINUED

OFFICIAL STATEMENT

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

Relating To

$43,500,000* 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 Middle Country Central School District at Centereach in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $43,500,000* Tax Anticipation Notes for 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: Beth Rella, Ed.D., Assistant Superintendent for Business, Middle Country Central School District at Centereach, 8 43RD Street, Centereach, New York 11720, telephone number (631)285-8020, e-mail: BRella@mccsd.net.

Optional Redemption

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

Book-entry-only System

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

*Preliminary, subject to change

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

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, 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 began operations in 1957 as a result of a centralization vote which followed the consolidation of former Brookhaven School Districts 11 and 12, Centereach and Selden respectively. The District is located at the western border of the Town of Brookhaven in Suffolk County.

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

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

District Organization

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

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

Enrollment History

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

School Year	School Enrollment
2017	9,885
2018	9,750
2019	9,557
2020	9,556
2021	9,501

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2022	9,406
2023	9,312
2024	9,220
2025	9,130

Source: District Officials.

District Facilities

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

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

Employees

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

Name of Union	Expiration Date of Contract	Approx. No of Members [a]
Middle Country Teachers Association	06/30/2025	790
Middle Country Secretaries Association	06/30/2022	91
Middle Country Association of Teacher's Aides	06/30/2022	195
Middle County Administrators Association	06/30/2025	44
Middle Country Nurses Association	06/30/2022	27
C.S.E.A - Operations	06/30/2022	88
C.S.E.A - Transportation	06/30/2022	41
C.S.E.A. - Maintenance	06/30/2022	28
C.S.E.A - Heads and Chiefs	06/30/2022	19
Middle Country Teachers Assistants Association	06/30/2022	195
Union Local 424 - Monitors	06/30/2023	65
Unaffiliated	N/A	20

a. Contracts expired as of the date of this statement are currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	Town	Suffolk County	New York State
1990	407,786	1,321,864	17,990,455
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
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 Towns of Brookhaven and the County of Suffolk. The information set forth below with respect to such Town, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2020[a]
Town of Brookhaven	$16,726	$24,191	$32,663	$42,388
County of Suffolk	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
County of Suffolk	49,128	65,288	84,235	105,362
State of New York	32,965	43,393	54,148	71,117

Source: United States Bureau of the Census

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

Unemployment Rate Statistics

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

Annual Averages:	Town of Brookhaven (%)	Suffolk County (%)	New York State (%)
2017	4.4	4.4	4.6
2018	3.9	3.9	4.1
2019	3.6	3.7	4.0
2020	8.2	8.5	10.0
2021	4.4	4.5	9.9
2022 (5 Month Average)	3.2	3.3	4.6

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.

INDEBTEDNESS OF THE DISTRICT

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

Computation of Debt Limit and Debt Contracting Margin
(As of July 25, 2022)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Brookhaven (2021-2022) [a]	$52,857,929	0.74%	$7,142,963,378
Debt Limit - 10% of Full Valuation			$714,296,338
Inclusions: [b]			
Outstanding Bonds			111,305,000
Bond Anticipation Notes			0
Total Indebtedness			111,305,000
Exclusions (Estimated Building Aid) [c]			86,038,765
Total Net Indebtedness			25,266,235
Net Debt Contracting Margin			$689,030,103
Per Cent of Debt Contracting Margin Exhausted			3.54%

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

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District no short-term debt.

Trend of Outstanding Indebtedness
As at June 30:

	2018	2019	2020	2021	2022
Bonds	$112,615,000	$130,755,000	$136,340,000	$124,255,000	$111,940,000
BANs	-	-	-	-	-
TANs	-	-	-	-	-
Other	-	-	-	-	-
Total	$112,615,000	$130,755,000	$136,340,000	$124,255,000	$111,940,000

Debt Service Requirements - Outstanding Bonds [a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$12,500,000	$2,831,250	$15,331,250
2024	12,765,000	2,489,775	15,254,775
2025	12,120,000	2,145,575	14,265,575
2026	10,970,000	1,830,400	12,800,400
2027	11,230,000	1,515,500	12,745,500
2028	8,470,000	1,248,500	9,718,500
2029	8,535,000	1,032,000	9,567,000
2030	7,900,000	830,813	8,730,813
2031	7,900,000	635,750	8,535,750
2032	8,050,000	427,250	8,477,250
2033	8,150,000	215,750	8,365,750
2034	2,525,000	75,750	2,600,750
2035	825,000	8,250	833,250
Totals	$111,940,000	$15,286,563	$127,226,563

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

Debt Service Requirements – 2015 Energy Performance Contract [a]

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

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

Debt Service Requirements – 2020 Energy Performance Contract [a]

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

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

Debt Service Requirements – 2021 Energy Performance Contract [a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 133,694	$ 51,335	$1,463,582
2024	152,392	32,637	1,463,582
2025	154,639	30,388	1,463,582
2026	156,921	28,107	1,463,582
2027	159,236	25,792	1,463,582
2028	161,586	23,442	1,463,582
2029	163,970	21,058	1,463,582
2030	166,389	18,639	1,463,582
2031	168,844	16,184	1,463,582
2032	171,335	13,693	1,463,582
2033	173,862	11,165	1,463,582
2034	176,428	8,600	1,463,582
2035	179,032	5,997	1,463,582
2036	181,673	3,355	1,463,582
2037	91,839	675	1,463,582
Totals	$2,391,840	$291,067	$2,682,907

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

Revenue and Tax Anticipation Notes

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

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

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2018	$38,500,000	TAN	08/15/2017	06/27/2018
2019	38,500,000	TAN	08/30/2018	06/25/2019
2020	38,500,000	TAN	09/04/2019	06/25/2020
2021	43,500,000	TAN	08/04/2020	06/25/2021
2022	43,500,000	TAN	08/05/2021	06/24/2022

Authorized and Unissued Debt

The District has no authorized and unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	06/30/2022	2.24	$30,597,485	$26,665,571
Town of Brookhaven	06/29/2022	12.29	59,069,427	56,744,159
Village of Lake Grove	05/31/2019	100.00	0	0
Fire District (Est.)	12/31/2021	Var	3,525,000	3,525,000
Totals			$93,191,912	$86,934,730

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

Debt Ratios
(As of July 25, 2022)

	Amount	Per Capita [a]	Percentage Of Full Value (%) [b]
Total Direct Debt	$111,305,000	$1,686	1.558
Net Direct Debt	25,266,235	383	0.354
Total Direct & Applicable Total Overlapping Debt	204,496,912	3,098	2.863
Net Direct & Applicable Net Overlapping Debt	112,200,965	1,700	1.571

a. The current population of the District is 66,001.

b. The full valuation of taxable property is $7,142,963,378.

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 $6,000,000. The District has paid such costs from budgetary appropriations and/or available funds. The District does not believe that the increased costs described above or any potential reductions in State aid will have a material adverse impact on the finances of the District. (See also "*State Aid*" herein.)

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

The District has received $1,041,664 in CARES Act funding, $6,145,325 in CRRSA funding, and $1,977,971 in ARP funding. The District expects to receive a total of $22,397,732 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	$224,401,532	$ 87,307,370	38.91
2018	230,262,049	90,124,385	39.14
2019	235,169,489	91,563,212	38.93
2020	239,253,832	92,870,326	38.82
2021	246,100,486	93,670,909	38.06
2022 (Budgeted)[a]	269,080,958	102,876,124	38.23
2023 (Budgeted)[a]	274,944,707	101,664,094	36.98

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 and the State's 2021-22 Enacted Budget included, significant amounts of federal funding. The State received 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 "Susceptible" (Fiscal Score: 33.3%; Environmental Score: 20.0%). 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 fiscal years below:

Fiscal Year Ending June 30:	TRS	ERS
2017	$10,894,707	$2,966,365
2018	9,437,216	3,031,707
2019	10,621,153	3,169,360
2020	9,051,162	3,342,737
2021	10,358,058	3,304,180
2022 (Budgeted)	10,806,609	3,905,321
2023 (Budgeted)	10,873,719	3,998,672

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:

Total OPEB Liability at June 30, 2020	$415,195,097
Charges for the Year:	
Service Cost	12,755,531
Interest	11,218,311
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(40,298,400)
Changes in assumptions or other inputs	28,858,123
Benefit Payments	(12,501,298)
Net Changes	32,267
Total OPEB Liability at June 30, 2021	$415,227,364

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 Town of Brookhaven. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; 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	$224,401,532	$114,883,456	51.20
2018	230,262,049	117,694,213	51.11
2019	235,169,489	121,336,086	51.60
2020	239,253,832	125,964,577	52.65
2021	246,100,486	132,036,464	53.65
2022 (Budgeted)	269,080,958	133,342,441	49.55
2023 (Budgeted)	274,944,707	137,956,455	50.18

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 District's assessed and full valuations, tax rates and levies for each of the years 2018 through 2022 can be found in Appendix A.

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

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

a. Represents 9.51% of the total full valuation of the District for 2021-2022.
Source: Town Assessment Rolls

Tax Certiorari Claims

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

LITIGATION

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

Child Victims Act

CVA Case #1

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

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

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

The District is defending this case vigorously and is engaging in discovery, having most recently conducted the plaintiff's deposition. Although the motion to dismiss was denied, the District will be renewing the motion at the close of discovery.

To date, the District has been unsuccessful in its attempts at securing insurance coverage for this lawsuit.

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

CVA Case #2

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

Shortly after the District submitted an Answer to the Complaint, plaintiff's attorneys moved to be relieved as his counsel. The request was granted by the Court and thereafter, plaintiff failed to retain new counsel or appear in the action *pro se*.

Accordingly, this matter was dismissed on February 17, 2022.

CVA Case #3

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

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

While the reports of abuse by the teacher are troubling, there remains no documentation which indicates that the District had knowledge of such abuse prior to the alleged abuse of the plaintiff. Upon receipt of such allegations, the District moved promptly to terminate the teacher, which included forfeiture of his teaching license. Thus, at this time the District.

remains committed to vigorously defending this suit and has Answered the Complaint and exchanged paper discovery.

The District was able to locate the insurance company (Utica) who insured it at the time the alleged abuse occurred. In response to the District's tender, Utica agreed to provide a courtesy defense to the District, but reserved its rights to indemnify the District. While Utica assigned counsel, in light of the reservation of rights, the District requested this firm to continue to represent its interest. The District has retained coverage counsel to address this issue, as well as other coverage issues associated with several lawsuits brought under the Child Victim's Act.

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

CVA Case #4

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

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

The District has Answered the Complaint and exchanged paper discovery. Most recently, the plaintiff's deposition was conducted and the defendants' depositions are currently being scheduled. As such, the District has Answered the Complaint and served the plaintiff with discovery demands.

The District was able to locate the insurance company (Utica) who insured it at the time the alleged abuse occurred. In response to the District's tender, Utica disclaimed coverage on the premise the District did not timely notify the carrier of the abuse when it is alleged to have occurred in the early '80's. The District has retained coverage counsel to challenge this determination.

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

CVA Case #5

On or about August 4, 2021, the District was served with a Verified Complaint brought by a former male student (hereinafter "plaintiff" or "Pennington"), a student at the Selden Middle School in 1982. In it the plaintiff alleges that for approximately seven (7) months in approximately 1982, he was sexually assaulted by a teacher. Such abuse included the teacher forcibly touching the plaintiff's genitals and forcibly attempting to insert his fingers into the plaintiff's rectum. The Complaint, brought pursuant to the Child Victim's Act, alleges various causes of action, all sounding in negligence against the District.

There is nothing in the plaintiff's academic records indicating that he reported this abuse. As for the teacher, in 1985, he was brought up on 3020-a charges related to inappropriate conduct with several male students, including forcibly touching their genitals and was thereafter terminated. The earliest reported abuse occurred in 1983, a year after the alleged abuse of the plaintiff. Thus, there remains no indication that the District was aware of the plaintiff's propensities prior to the abuse of the plaintiff.

The District is defending this lawsuit vigorously and has Answered the Complaint and served discovery demands. No responses have thus far been received.

The District was able to locate the insurance company (Utica) who insured it at the time the alleged abuse occurred. In response to the District's tender, Utica agreed to provide a courtesy defense to the District, but reserved its rights to indemnify the District. While Utica assigned counsel, in light of the reservation of rights, the District requested this firm to continue to represent its interest. The District has retained coverage counsel to address this issue, as well as other coverage issues associated with several lawsuits brought under the Child Victim's Act.

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

CVA Case #6

On August 4, 2021, the District was served with a Verified Complaint brought by a former female student (hereinafter "plaintiff"), a student at Hawkins Path Elementary School in 1972 when she was seven (7) years old. In it, she alleges she was sexually abused by a custodian and as a result of the abuse continues to suffer from PTSD, depression and anxiety. In previous correspondence to the District, the plaintiff demanded $500,000 to settle the claim.

A preliminary review of District records revealed that an individual was employed by the District as a custodian at Hawkins Path Elementary during the '74/'75 school year. In December, 1974 the alleged abuse of the plaintiff and a friend was reported to the District. The individual was arrested on February 12, 1975 and charged with two counts of Abuse in the 2d Degree. The individual pled guilty to those charges and was sentenced to three years' probation on June 1, 1976. There are no records found that indicate that the District had prior knowledge of the individual's actions or propensities to commit such acts.

The District is defending this suit vigorously and has Answered the Complaint and served discovery demands on the plaintiff. Responses to those demands have not yet been received.

To date, the District has been unsuccessful in its attempts at securing insurance coverage for this lawsuit.

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

CVA Case #7

Please be advised that on October 13, 2021, the District, was served with a Complaint brought by a former female student ("plaintiff"). In it, it is alleged that from 1971 to 1972, while the plaintiff was a student at the Hawkins Path Elementary School she was sexually abused by a teacher at that school. The Complaint contains allegations that the teacher raped and sexually assaulted the plaintiff. She was seven (7) years old at the time. The Complaint asserts various negligence causes of action against the District.

Once again, there is nothing in the teacher's personnel file which makes reference to the alleged abuse of the plaintiff or that the District was put on notice of such alleged abuse. By and large, the teacher's personnel file is spotless and he retired from the District in 1981. The District was not able to locate any records for the plaintiff.

The District is defending this case vigorously and has Answered the Complaint and served discovery demands upon the plaintiff. Responses to those demands have not yet been received.

To date, the District has been unsuccessful in its attempts at securing insurance coverage for this lawsuit.

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

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.

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 "Aa3" 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: Beth Rella, Ed.D., Assistant Superintendent for Business, Middle Country Central School District at Centereach, 8 43RD Street, Centereach, New York 11720, telephone number (631)285-8020, e-mail: BRella@mccsd.net. 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 DAWN SHARROCK
President of the Board of Education
Middle Country Central School District at Centereach
Centereach, New York

August , 2022

APPENDIX A

FINANCIAL INFORMATION

Comparative Balance Sheet
General Fund

	Fiscal Year Ending June 30: 2019	2020	2021
Assets:			
Cash - Unrestricted	$ 21,459,983	$ 19,633,585	$ 19,106,578
Cash - Restricted	32,476,239	27,496,021	18,216,127
State & Federal Aid	5,182,362	6,816,484	5,444,501
Due From Other Governments	28,203	442,516	155,108
Due From Other Funds	2,789,040	2,694,929	4,760,514
Accounts Receivable	40,516	13,601	1,149,408
Total Assets	61,976,343	57,097,136	48,832,236
Liabilities and Fund Balance:			
Accounts Payable	1,533,115	703,910	814,283
Accrued Liabilities	2,139,652	2,170,638	3,108,132
Due to Other Governments	5,350	6,105	84,184
Due To Teachers' Retirement System	11,047,730	9,527,050	10,960,991
Due To Employees' Retirement System	999,316	1,118,506	1,114,280
Compensated Absences	1,037,166	1,261,046	1,600,907
Student Deposits			165,709
Collections in Advance			91,040
Deferred Inflows of Resources	1,272,809	2,082,056	1,272,809
Total Liabilites	18,035,138	16,869,311	19,212,335
Fund Balances:			
Restricted			
Workers' Compensation	3,821,814	3,241,228	1,295,434
Unemployment Insurance	159,290	160,352	152,173
Insurance	1,301,495	1,310,176	1,311,545
Property Loss	624,689	628,856	629,513
Liability Loss	624,689	628,856	629,513
Retirement Contribution	9,494,330	6,557,648	1,409,247
Employee Benefit Accrued Liability	16,449,932	14,968,905	12,788,702
Assigned			
Appropriated Fund Balance	2,400,000	2,400,000	2,400,000
Unappropriated Fund Balance	652,756	985,778	931,344
Unassigned	8,412,210	9,346,026	8,072,430
Total Fund Equity	43,941,205	40,227,825	29,619,901
Total Liabilities and Fund Equity	$ 61,976,343	$ 57,097,136	$ 48,832,236

Sources: Audited Financial Statements (2019-2021)

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending June 30: 2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	$ 114,883,456	$ 117,694,213	$ 121,336,086	$ 125,964,577	$ 132,036,464
Other Tax Items - Including STAR	18,523,825	18,304,139	18,043,954	16,711,986	15,910,374
Charges for Services	1,352,071	1,232,941	1,432,621	1,493,172	573,776
Use of Money and Property	273,956	673,537	1,113,726	580,516	44,288
Sale of Property and Compensation for Loss	434,667	1,282,215	203,604	148,762	163,544
Premium on TAN Obligations	420,420				
Miscellaneous	1,009,345	777,223	912,904	1,297,070	2,398,873
State Sources	87,307,370	90,124,385	91,563,212	92,870,326	93,670,909
Federal Sources	196,422	173,396	563,382	187,423	1,302,258
Total Revenues	224,401,532	230,262,049	235,169,489	239,253,832	246,100,486
Expenditures:					
General Support	21,132,256	22,065,926	23,343,281	23,361,008	24,686,270
Instruction	115,713,892	120,554,424	126,497,561	128,381,336	135,103,424
Pupil Transportation	14,779,424	14,227,374	13,560,901	15,513,962	15,179,207
Employee Benefits	56,900,702	57,652,767	62,168,895	59,784,669	62,740,775
Debt Service	8,720,600	10,010,977	15,748,147	17,814,725	19,079,324
Total Expenditures	217,246,874	224,511,468	241,318,785	244,855,700	256,789,000
Excess (Deficit) of Revenues Over Expenditures	7,154,658	5,750,581	(6,149,296)	(5,601,868)	(10,688,514)
Other Sources and Uses:					
Premium on Short Term Obligations		317,243	363,825	243,710	489,460
Operating Transfers In				2,275,000	
Proceeds for Sale of Land	1,265,600				(408,870)
Operating Transfers (Out)	(395,062)	(442,621)	(563,447)	(630,222)	
Total Other Sources (Uses)	870,538	(125,378)	(199,622)	1,888,488	80,590
Fund Balance - Beginning of Year	36,639,724	44,664,920	50,290,123	43,941,205	40,227,825
Fund Balance - End of Year	$ 44,664,920	$ 50,290,123	$ 43,941,205	$ 40,227,825	$ 29,619,901

Sources: Audited Financial Statements (2017-2021)
NOTE: This Schedule NOT audited.

Budget Summaries

	Fiscal Year Ending June 30: 2022-2023[1]	2021-2022[2]
Revenues:		
Real Property Taxes & Tax Items[3]	$ 137,956,455	$ 133,342,441
Pilot Taxes	350,000	275,000
STAR	15,663,536	15,663,536
Use of Money and Property	590,171	285,000
Sale of Property & Compensation for Loss	50,000	1,312,664
State Sources	101,664,094	102,876,124
Federal Aid - Education Jobs Fund	200,000	200,000
Other Revenues	4,580,258	1,236,000
Interfund Transfers	11,490,193	11,490,193
Appropriation of Fund Balance	2,400,000	2,400,000
Total Revenues	$ 274,944,707	$ 269,080,958
Expenditures:		
General Support	$ 25,301,523	$ 24,434,701
Instruction	141,446,303	139,690,324
Transportation	17,267,374	16,366,289
Benefits	71,067,941	68,488,330
Debt Service	19,393,919	19,633,667
Transfer to Special Aid	467,647	467,647
Total Expenditures	$ 274,944,707	$ 269,080,958

1. Approved by the qualified voters of the District on May 17, 2022.
2. Approved by the voters of the District on May 18, 2021.
3. Excludes Libray Tax Levy.

FINANCIAL INFORMATION

Valuations, Tax Levies and Tax Rates

	Fiscal Year Ending June 30:				
	2018	2019	2020	2021	2022
Assessed Valuation	$ 52,383,338	52,445,161	52,729,436	52,741,803	52,857,929
Equalization Rate	0.90%	0.86%	0.79%	0.77%	0.74%
Full Valuation	5,820,370,888	6,098,274,534	6,674,612,151	6,849,584,804	7,142,963,377
Tax Levy					
School	117,476,586	121,185,166	125,607,124	133,342,441	133,766,193
Library	14,883,154	15,053,859	15,154,971	14,883,746	14,976,239
Tax Rate per $1,000 of Assessed Valuation					
School	2,589.07	2,651.51	2,695.83	2,796.45	2,815.38
Library	284.12	287.04	287.41	282.20	283.33

APPENDIX B

CASH FLOWS

CASH FLOW SUMMARY 2021-2022 (Actual)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	19,106	9,724	43,851	38,607	18,482	3,779	9,989	61,170	49,924	67,409	44,441	57,878	19,106
Receipts													
Property Taxes[b]						6,166	69,237	12,525	2,409	1,734	11,273	48,481	151,825
Star Payment							15,049						15,049
State Aid	178	2,048	10,685	1,542	2,179	8,463	1,073	400	35,728	815	18,011	7,108	88,230
Interfund Transfers	1,301	1,303	90	6,041	2,517	5,509	702	2,046	414	2,351	2,153	96	24,523
Other Receipts	154	75	463	356	177	154	107	214	166	859	536	112	3,373
TAN Proceeds		43,821											43,821
Total Receipts	1,633	47,247	11,238	7,939	4,873	20,292	86,168	15,185	38,717	5,759	31,973	55,797	326,821
Disbursements													
Salaries & Benefits	5,424	3,421	9,346	19,024	11,049	11,829	19,928	13,960	13,629	19,065	11,562	35,868	174,105
Services & Supplies	3,242	1,443	3,708	6,720	7,279	2,253	7,132	9,556	6,215	7,805	4,478	17,580	77,411
Library Transfer	1,248	1,248	1,248	1,711	1,248		5,152	1,279	1,248	1,248	2,496	3	18,129
Debt Service	1,101	7,008	2,180	609			2,775	1,636	140	609			16,058
TAN Principal												43,500	43,500
TAN Interest												385	385
Total Disbursements	11,015	13,120	16,482	28,064	19,576	14,082	34,987	26,431	21,232	28,727	18,536	97,336	329,588
Balance	9,724	43,851	38,607	18,482	3,779	9,989	61,170	49,924	67,409	44,441	57,878	16,339	16,339
TAN Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	43,500	43,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include $18,216,127 in restricted reserves.

(a) Balance as of June 30, 2021

(b) Includes Libary Tax Levy

CASH FLOW SUMMARY 2022-2023 (Projected)

	Jul[a]	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	16,339	6,848	36,349	24,114	13,179	3,528	230	62,176	53,721	66,619	51,623	57,777	16,339
Receipts													
Property Taxes[b]						6,166	69,237	12,525	2,409	1,734	11,273	50,527	153,871
Star Payment							15,049						15,049
State Aid	178	2,048	8,685	1,542	2,179	8,463	1,073	420	35,728	815	10,011	6,108	77,250
Interfund Transfers	1,301	1,303	90	6,041	3,517	1,017	702	1,046	414	2,351	2,153	96	20,031
Other Receipts	154	75	463	356	177	154	107	214	166	859	536	112	3,373
TAN Proceeds		43,500											43,500
Total Receipts	1,633	46,926	9,238	7,939	5,873	15,800	86,168	14,205	38,717	5,759	23,973	56,843	313,074
Disbursements													
Salaries & Benefits	5,532	3,489	14,300	11,270	11,270	11,270	12,066	11,270	18,099	12,066	12,066	36,585	159,283
Services & Supplies	3,242	3,443	3,708	5,720	2,979	6,553	8,132	8,556	6,215	6,805	4,478	15,780	75,611
Library Transfer	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	15,300
Debt Service	1,075	9,218	2,190	609			2,749	1,559	230	609			18,239
TAN Principal												43,500	43,500
TAN Interest												1,000	1,000
Total Disbursements	11,124	17,425	21,473	18,874	15,524	19,098	24,222	22,660	25,819	20,755	17,819	98,140	312,933
Balance	6,848	36,349	24,114	13,179	3,528	230	62,176	53,721	66,619	51,623	57,777	16,480	16,480
TAN Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Cash Flows do not include approximately $18,216,127 million in restricted reserves.

(a) Balance as of June 30, 2022

(b) Includes Libary Tax Levy

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
AT CENTEREACH

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.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

II. REQUIRED SUPPLEMENTARY INFORMATION

III. OTHER SUPPLEMENTARY INFORMATION

IV. 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*

Robert S. Abrams
(1926–2014)

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Middle Country Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Middle Country Central School District (the "District"), as of and for the fiscal 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 15 and 61 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R S Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 14, 2021

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Middle Country Central School District's the "District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

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

- On May 18, 2021, the proposed 2021-2022 budget in the amount of $269,080,958 was approved by over 73% of the District's residents who voted. The property tax levy did not exceed the property tax cap.

- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled $280,602,742. Of this amount, $17,873,959 was offset by program charges for services and operating grants and contributions and capital grants. General revenues of $244,178,740 amount to 93.18% of total revenues.

- During the year, the District accounted for $1,041,664 in federal grants in relation to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These funds were recorded in operating grants and contributions in the Statement of Activities on the District-Wide financial statements

- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of $917,774 for the Governor's Emergency Education Relief Program (GEER).

- The 20/21 school year presented many challenges for the District due to the COVID-19 virus. The District incurred over $5,600,000 in unbudgeted expenses directly related to increased staff due to social distance requirements and COVID expenses, such as PPE, cleaning supplies, filters and live streaming. The District has applied for cost reimbursements from FEMA in the amount of $ 407,906 and will recover some of the expenses thru the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA).

- The District utilized 85% of the budgeted reserves during the fiscal year ended June 30, 2021. Actual expenses in the areas of BOCES, Hospitalization and NYS retirement expenses were lower than anticipated.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

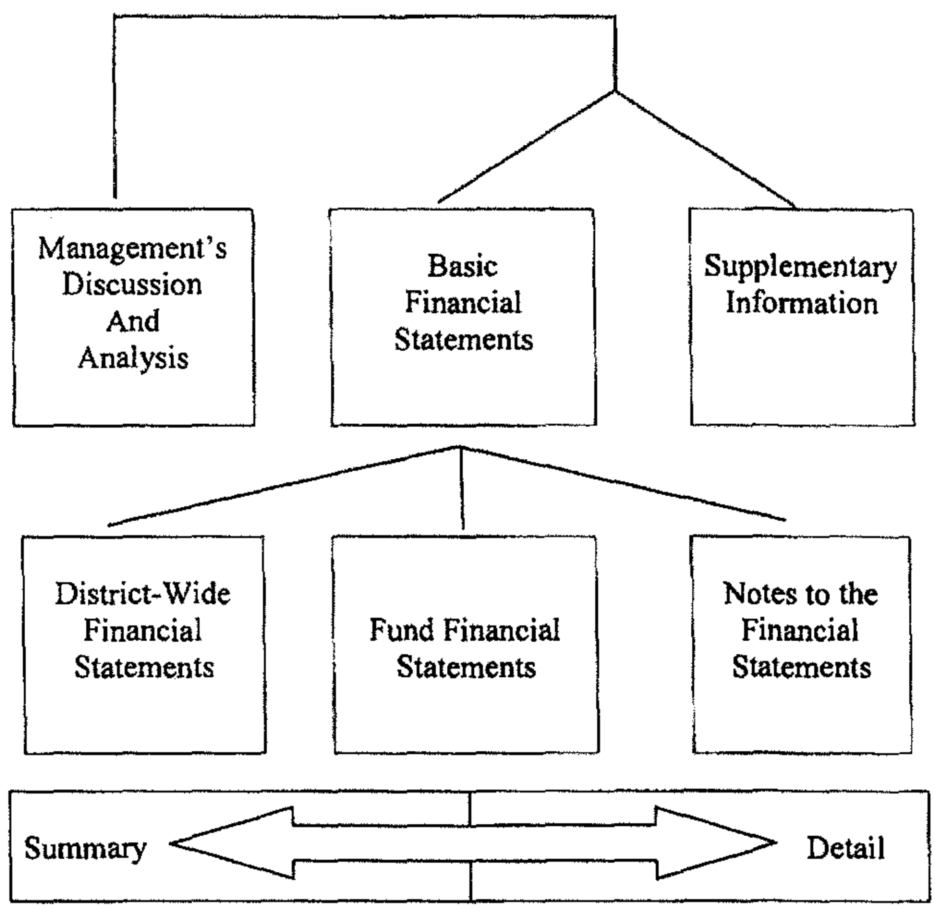
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as property taxes collected on behalf of another local government.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial 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 shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



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

Major Features of the District-Wide and Fund Financial Statements

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A) District-Wide Financial Statements

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

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

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

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

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

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

B) Fund Financial Statements

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

The District has two kinds of funds:

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

- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The June 30, 2020 current assets, current and other liabilities, restricted net position, unrestricted net position, and total net position (deficit) were restated as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 20 for further information. The following is a summary of these changes:

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	As Restated 2020	As Reported 2020	Increase
Current assets	$ 84,662,187	$ 82,597,219	$ 2,064,968
Current and other liabilities	18,196,894	17,264,969	931,925
Net Position			
Restricted	28,622,922	27,645,999	976,923
Unrestricted (Deficit)	(417,250,016)	(417,406,136)	156,120
Total Net Position (Deficit)	(340,593,426)	(341,726,469)	1,133,043

The District's total net deficit increased by $18,550,043 in the fiscal year ended June 30, 2021 as detailed below:

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Current assets	$ 60,728,389	$ 84,662,187	$ (23,933,798)	-28.27%
Capital assets, net	195,110,096	187,668,453	7,441,643	3.97%
Net pension asset - proportionate share	-	15,571,567	(15,571,567)	-100.00%
Total assets	255,838,485	287,902,207	(32,063,722)	-11.14%
Deferred outflows of resources	152,595,511	133,120,190	19,475,321	14.63%
Total assets and deferred outflows of resources	408,433,995	421,022,397	(12,588,402)	-2.99%
Current and other liabilities	21,280,748	18,196,894	3,083,854	16.95%
Long-term liabilities	617,438,943	635,424,015	(17,985,072)	-2.83%
Total liabilities	638,719,691	653,620,909	(14,901,218)	-2.28%
Deferred inflows of resources	128,857,773	107,994,914	20,862,859	19.32%
Total liabilities and deferred inflows of resources	767,577,464	761,615,823	5,961,641	0.78%
Net position (deficit)				
Net investment in capital assets	55,279,727	48,033,668	7,246,059	15.09%
Restricted	19,338,936	28,622,922	(9,283,986)	-32.44%
Unrestricted (deficit)	(433,762,132)	(417,250,016)	(16,512,116)	-3.96%
Total net position (deficit)	$ (359,143,469)	$ (340,593,426)	$ (18,550,043)	-5.45%

Current assets decreased $23,933,798 from 2021 to 2020 primarily due to decreases in cash, state and federal aid receivable, and due from other governments, offset by an increase in accounts receivable primarily for Suffolk County Transportation. Capital assets (net of depreciation) increased by $7,441,643 primarily due to the acquisition of assets and construction in progress with capital projects exceeding depreciation. The net pension asset – proportionate share decreased by $15,571,567, as compared to last year as a result of the actuarial valuation provided by the state resulting in a net pension liability for the current fiscal year.

Deferred outflows of resources increased by $19,475,321, and represents contributions to the retirement plans subsequent to the measurement dates and actuarial determined amounts that will be amortized in future years, relating to pensions and total other post-employment benefits obligation, as well as amortization of the deferred charges on refundings. See Note 15, 17 and 14 for further details.

Current and other liabilities increased by $3,083,854. This was primarily attributed to an increase in accounts payable, accrued liabilities, due to other governments, due to teachers' retirement system, compensated absences payable, student deposits, and interest payable. Long-term liabilities decreased by $17,985,072. This is primarily due to decreases in energy performance contract debt payable, bonds payable (inclusive of unamortized premium), termination benefits payable, compensated absences payable, and net pension liability – proportionate share – employees' retirement system (ERS), offset mainly by an increase in net pension liability – proportionate share – teachers' retirement system (TRS).

The change in deferred inflows of resources represents amortization of actuarial determined information relating to pensions and total other post-employment benefits obligation. See Note 15 and 17 for further details.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, and furniture and equipment, net of depreciation and related debt. This number increased from the prior year by $7,246,059 primarily due to an increase in capital outlays, offset by depreciation.

The restricted net position in the amount of $19,338,936 relates to the District's reserves: workers' compensation, unemployment insurance, insurance, property loss, liability, retirement contribution, and employee benefit accrued liability, as well as the amounts restricted for scholarships and donations and debt service. The decrease of $9,283,986 can be attributed to the utilization of the reserves, as well as activity for donations and debt service.

The unrestricted net deficit relates to the balance of the District's net position. The deficit of $433,762,132 increased by $16,512,116.

B) <u>Changes in Net Position</u>

The June 30, 2020 balances for revenues for charges for services and operating grants and contributions, and expenses for instruction were restated as a result of the implementation of GASB Statement No. 84. See Note 20 "Restatement of Fund Balances/Net Position (Deficit)" for further information. The following schedule outlines these changes:

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	As Restated 2020	As Reported 2020	Increase
Revenues			
Charges for services	$ 2,122,780	$ 1,433,709	$ 689,071
Operating grants and contributions and capital grants	15,566,847	15,563,357	3,490
Use of money and property	790,190	786,539	3,651
Expenses			
Instruction	220,111,544	219,345,623	765,921

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Change in Net Position from Operating Results – Governmental Activities Only

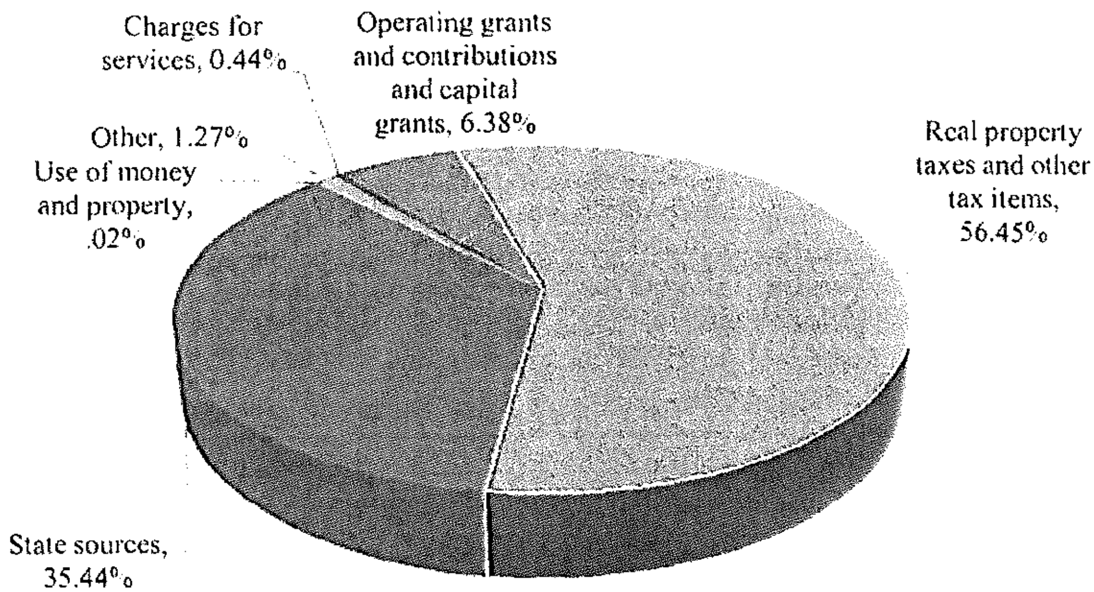
	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	$ 1,151,919	$ 2,122,780	$ (970,861)	-45.74%
Operating grants and contributions capital grants	16,722,040	15,566,847	1,155,193	7.42%
General revenues				
Real property taxes and other tax items	147,946,838	142,676,563	5,270,275	3.69%
State sources	92,861,661	93,679,573	(817,912)	-0.87%
Use of money and property	50,084	790,190	(740,106)	-93.66%
Other	3,320,157	2,145,930	1,174,227	54.72%
Total revenues	262,052,699	256,981,883	5,070,816	1.97%
Expenses				
General support	31,910,625	31,219,979	690,646	2.21%
Instruction	222,561,167	220,111,544	2,449,623	1.11%
Pupil transportation	17,214,019	18,508,244	(1,294,225)	-6.99%
Debt service - interest	5,639,656	4,546,205	1,093,451	24.05%
Food service program	3,277,274	3,540,907	(263,633)	-7.45%
Total expenses	280,602,742	277,926,879	2,675,863	0.96%
Increase (decrease) in net position	$ (18,550,043)	$ (20,944,996)	$ 2,394,953	11.43%

The District's total fiscal year 2021 revenues totaled $262,052,699. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 56.45% and 35.44%, respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions and capital grants, use of money and property, and other miscellaneous sources.

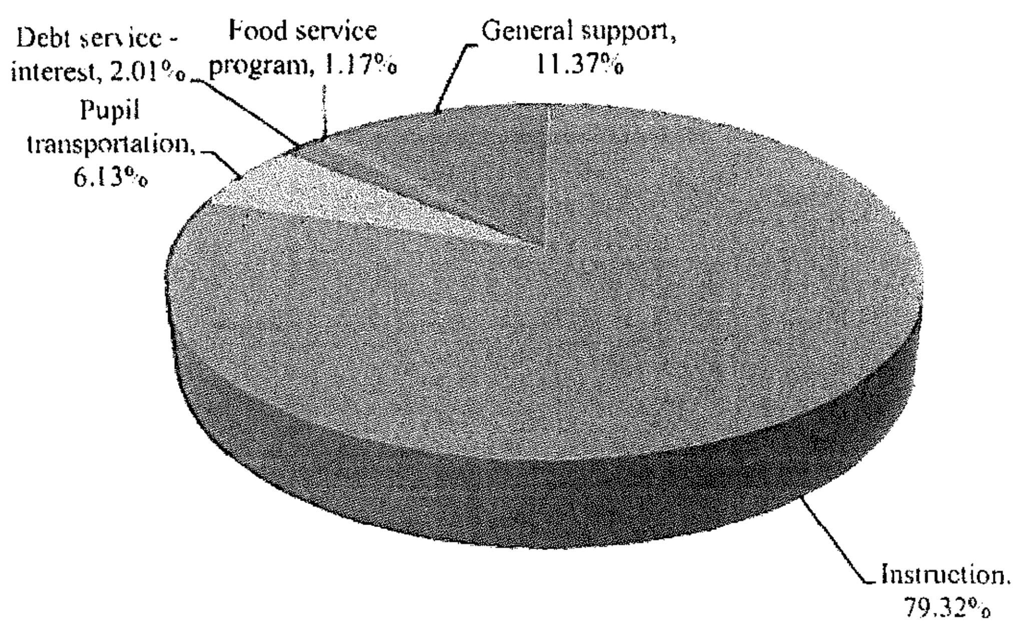
The cost of all programs and services totaled $280,602,742 for fiscal year 2021. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 85.45% of district expenses. The District's general support activities accounted for 11.37% of total costs.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenues for fiscal year 2021:



Expenses for fiscal year 2021:



MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2021, the District's governmental funds reported a combined fund balance of $40,895,566 which is a decrease of $25,287,363 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 20 for further information. A summary of the change in fund balance by fund is as follows:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	$ 1,295,434	$ 3,241,228	$ (1,945,794)	-60.03%
Restricted for unemployment insurance	152,173	160,352	(8,179)	-5.10%
Restricted for insurance	1,311,545	1,310,176	1,369	0.10%
Restricted for property loss and liability	1,259,026	1,257,712	1,314	0.10%
Restricted for retirement contribution	1,409,247	6,557,648	(5,148,401)	-78.51%
Restricted for employee benefit accrued liability	12,788,702	14,968,905	(2,180,203)	-14.56%
Assigned - designated for subsequent year's expenditures	2,400,000	2,400,000	-	0.00%
Assigned - general support	404,206	283,642	120,564	42.51%
Assigned - instruction	486,782	645,341	(158,559)	-24.57%
Assigned - transportation	11,055	13,581	(2,526)	-18.60%
Assigned - employee benefits	29,301	43,214	(13,913)	
Unassigned	8,072,430	9,346,026	(1,273,596)	-13.63%
Total fund balance - general fund	29,619,901	40,227,825	(10,607,924)	-26.37%
Special Aid Fund				
Assigned unappropriated	15,084	12,410	2,674	21.55%
Total fund balance - special aid fund	15,084	12,410	2,674	21.55%
School Lunch Fund				
Nonspendable - inventory	24,722	56,155	(31,433)	-55.98%
Assigned unappropriated	243,120	274,261	(31,141)	-11.35%
Total fund balance - school lunch fund	267,842	330,416	(62,574)	-18.94%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	967,386	976,923	(9,537)	-0.98%
Assigned unappropriated	193,446	156,120	37,326	23.91%
Total fund balance - debt service fund	1,160,832	1,133,043	27,789	2.45%
Debt Service Fund				
Restricted	155,423	149,978	5,445	3.63%
Total fund balance - debt service fund	155,423	149,978	5,445	3.63%
Capital Projects Fund				
Unspent debt proceeds	9,672,229	24,229,257	(14,557,028)	-60.08%
Unassigned	4,255	100,000	(95,745)	95.75%
Total fund balance-capital projects fund	9,676,484	24,329,257	(14,652,773)	-60.23%
Total fund balance - all funds	$ 40,895,566	$ 66,182,929	$ (25,287,363)	-38.21%

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A) General Fund

The decrease in the general fund balance is primarily due to expenditures and other financing uses exceeding revenues and other financing sources.

B) School Lunch Fund

The decrease in the fund balance of the school lunch fund is the result of an operating loss in the food service program due to expenditures in excess of revenues on the modified accrual basis of accounting.

C) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund increased by $27,789. This increase is due to current year revenues exceeding expenditures for extraclassroom activities, offset by expenditures exceeding revenues for scholarships and donations.

D) Debt Service Fund

The increase in the fund balance for the debt service fund is due to interest income earned in the current year.

E) Capital Projects Fund

The decrease in the fund balance for the capital projects fund is primarily due to capital outlay in excess of Smart Schools Bond Act revenues.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2021 was $265,011,296. This amount was increased by encumbrances carried forward from the prior year in the amount of $985,778 which resulted in a final budget of $265,997,074. The majority of the funding was real property taxes and other tax items budget of $147,700,000.

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

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Opening, unassigned fund balance	$ 9,346,026
Revenues under budget	(3,531,157)
Expenditures and encumbrances under budget	7,867,860
Interest allocated to reserves	(28,497)
Unused appropriated reserves	(3,181,802)
Assigned, appropriated for June 30, 2022 budget	(2,400,000)
Closing, unassigned fund balance	$ 8,072,430

Opening, Unassigned Fund Balance

The opening unassigned fund balance of $9,346,026 represents the fund balance from June 30, 2020 that was retained.

Revenues and Other Financing Sources Over Budget

The revenues under budget of $3,531,157 were primarily related to other real property tax items, use of money and property, and state sources, offset by amounts over budget for real property taxes, charges for services, sale of property and compensation for loss, miscellaneous, federal sources, and premium on obligations. (See Supplemental Schedule # 1 for detail).

Expenditures and Other financing Uses and Encumbrances Under Budget

The expenditures and encumbrances under budget of $7,867,860 were due to all categories of expenditures coming in under budget. (See Supplemental Schedule #1 for detail).

Interest Allocated to Reserves

Interest of $28,497 was allocated to the reserves as follows: $3,385 to the workers' compensation reserve, $167 to the unemployment insurance reserve, $1,369 to the insurance reserve, $657 to the property loss reserve, $657 to the liability reserve, $6,850 to the retirement contribution reserve, and $15,412 to the employee benefit accrued liability reserve.

The District appropriated $12,490,193 of reserves for the 2020-2021 budget to reduce the tax levy. Only $9,308,391 of this amount was utilized as the expenditures for workers' compensation, retirement and benefit expenditures were under budget during the 2020-2021 year.

Assigned, Appropriated Fund Balance

The assigned, appropriated fund balance of $2,400,000 for the June 30, 2021 budget is the amount the District has chosen to partially fund its operating budget for 2021-2022.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Closing, Unassigned Fund Balance

The closing, unassigned fund balance of $8,072,430 represents the fund balance retained by the District that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2021-2022 budget. The District's unassigned fund balance is within this limit. Supplemental Schedule #5 includes the calculation for this limitation.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets, net of depreciation, is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	$ 4,328,276	$ 4,328,276	$ -	0.00%
Construction in progress	87,542,272	70,768,597	16,773,675	23.70%
Buildings and improvements	199,504,751	199,504,751	-	0.00%
Furniture and equipment	10,801,628	10,719,456	82,172	0.77%
Land improvement	3,455,554	3,455,554	-	0.00%
Vehicles	7,724,063	8,792,624	(1,068,561)	-12.15%
Subtotal	313,356,544	297,569,258	15,787,286	5.31%
Less: accumulated depreciation	118,246,448	109,900,805	8,345,643	7.59%
Total net capital assets	$ 195,110,096	$ 187,668,453	$ 7,441,643	3.97%

The District spent $16,773,675 in the capital projects fund on construction in progress during the year. The District also spent $107,666 in the other funds on furniture, equipment and vehicles during the year. The District also had $9,439,698 in depreciation expense. See Note 8 to the financial statements for detail.

B) Debt Administration

At June 30, 2021 the District had total bonds payable of $124,255,000 for District-Wide projects. The District had energy performance contract debt payable in the amount of $23,725,712 as of June 30, 2021. More detailed information about the District's long-term debt is presented in the Note 13 to the financial statements.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Serial bonds	$ 124,255,000	$ 136,340,000	$ (12,085,000)
Energy performance contract debt	23,725,712	25,800,230	(2,074,518)
Installment purchase debt	-	733	(733)
Total	$ 147,980,712	$ 162,140,963	$ (14,160,251)

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

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A) The general fund budget for the 2021-2022 school year was approved by the voters in the amount of $269,080,958. This is an increase of $4,069,662 or 1.54 % over the previous year's budget.

B) The District issued $43,500,000 in tax anticipation notes on August 5, 2021, maturing on June 24, 2022 with an interest rate of 1.00%.

C) On August 11, 2021 an addendum was done to the energy performance contract in the amount of $ 2,391,868 at an interest rate of 1.47% and payable over 15 years. The lease purchase agreement was authorized on July 28, 2021 and is for a 4,030.40kilowatt roof mounted and carport/canopy photovoltaic electrical generation systems that interconnects with the existing electrical distribution system.

D) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

E) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Recue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. CONTACTING THE DISTRICT

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

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	$ 19,330,798
Restricted	25,504,772
Receivables	
State and federal aid	14,563,196
Due from other governments	155,492
Accounts receivable	1,149,408
Inventories	24,722
Non-current assets	
Capital assets	
Not being depreciated	91,870,548
Being depreciated, net of accumulated depreciation	103,239,548
TOTAL ASSETS	255,838,484
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	1,299,492
Pensions	72,528,384
Total other post-employment benefits	78,767,635
TOTAL DEFERRED OUTFLOWS OF RESOURCES	152,595,511
LIABILITIES	
Payables	
Accounts payable	1,316,613
Accrued liabilities	3,138,763
Due to other governments	84,300
Due to teachers' retirement system	10,960,991
Due to employees' retirement system	1,114,280
Compensated absences payable	1,600,907
Student deposits	165,709
Interest payable	2,720,735
Unearned credits	
Collections in advance	178,450
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	12,755,469
Energy performance contract debt payable	2,117,680
Workers' compensaion claims payable	1,200,000
Termination benefits payable	150,000
Compensated absences payable	1,250,000
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	114,320,909
Energy performance contract debt payable	21,608,032
Workers' compensaion claims payable	2,873,381
Termination benefits payable	9,700,000
Compensated absences payable	19,501,508
Total other post-employment benefits obligation	415,227,364
Net pension liability - proportionate share - teachers' retirement system (TRS)	16,665,690
Net pension liability - proportionate share - employees' retirement system (ERS)	68,910
TOTAL LIABILITIES	638,719,691
DEFERRED INFLOWS OF RESOURCES	
Pensions	29,852,361
Total other post-employment benefits	99,005,412
TOTAL DEFERRED INFLOWS OF RESOURCES	128,857,773
NET POSITION (DEFICIT)	
Net investment in capital assets	55,229,727
Restricted	
Workers' compensation	1,295,434
Unemployment insurance	152,173
Insurance	1,311,545
Property loss	629,513
Liability	629,513
Retirement contribution	1,409,247
Employee benefit accrued liability	12,788,702
Scholarships and donations	967,386
Debt service	155,423
	19,338,936
Unrestricted (Deficit)	(433,712,132)
TOTAL NET POSITION (DEFICIT)	$ (359,143,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS					
General support	$ (31,910,625)	$ -	$ 9,875	$ -	$ (31,900,750)
Instruction	(222,561,167)	1,022,109	11,174,094	2,210,501	(208,154,463)
Pupil transportation	(17,214,019)		280,537		(16,933,482)
Debt service - interest	(5,639,656)				(5,639,656)
Food service program	(3,277,274)	129,810	3,047,033		(100,431)
TOTAL FUNCTIONS AND PROGRAMS	$ (280,602,742)	$ 1,151,919	$ 14,511,539	$ 2,210,501	(262,728,783)
GENERAL REVENUES					
Real property taxes					132,036,464
Other tax items - including STAR reimbursement					15,910,374
Use of money and property					50,084
Sale of property & compensation for loss					163,544
Miscellaneous					2,905,894
State sources					92,861,661
Medicaid reimbursement					250,719
TOTAL GENERAL REVENUES					244,178,740
CHANGE IN NET POSITION					(18,550,043)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)					(340,593,426)
TOTAL NET POSITION (DEFICIT) - END OF YEAR					$ (359,143,469)

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 19,106,578	$ 14,316	$ 16,458	$ 193,446	$ -	$ -	$ 19,330,798
Restricted	18,216,127			967,386	155,017	6,166,242	25,504,772
Receivables							
State and federal aid	5,444,501	6,104,131	804,061			2,210,503	14,563,196
Due from other governments	155,108		384				155,492
Due from other funds	4,760,514				406	1,459,101	6,220,021
Accounts receivable	1,149,408						1,149,408
Inventories			24,722				24,722
TOTAL ASSETS	$ 48,832,236	$ 6,118,447	$ 845,625	$ 1,160,832	$ 155,423	$ 9,835,846	$ 66,948,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Payables							
Accounts payable	$ 814,283	$ 1,147	$ 341,821	$ -	$ -	$ 159,362	$ 1,316,613
Accrued liabilities	3,108,132	29,095	1,536				3,138,763
Due to other governments	84,184		116				84,300
Due to other funds		6,073,121	146,900				6,220,021
Due to teachers' retirement system	10,960,991						10,960,991
Due to employees' retirement system	1,114,280						1,114,280
Compensated absences	1,600,907						1,600,907
Student deposits	165,709						165,709
Unearned credits							
Collections in advance	91,040		87,410				178,450
TOTAL LIABILITIES	17,939,526	6,103,363	577,783	-	-	159,362	24,780,034
DEFERRED INFLOWS OF RESOURCES							
State aid	1,272,809						1,272,809
FUND BALANCES							
Nonspendable inventory			24,722				24,722
Restricted							
Workers' compensation	1,295,434						1,295,434
Unemployment insurance	152,173						152,173
Insurance	1,311,545						1,311,545
Property loss	629,513						629,513
Liability	629,513						629,513
Retirement contribution	1,409,247						1,409,247
Employee benefit accrued liability	12,788,702						12,788,702
Scholarships and donations				967,386			967,386
Debt service					155,423		155,423
Unspent debt proceeds						9,622,229	9,622,229
Assigned							
Appropriated fund balance	2,400,000						2,400,000
Unappropriated fund balance	931,344	15,084	243,120	193,446		54,255	1,437,249
Unassigned	8,072,430						8,072,430
TOTAL FUND BALANCES	29,619,901	15,084	267,842	1,160,832	155,423	9,676,484	40,895,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 48,832,236	$ 6,118,447	$ 845,625	$ 1,160,832	$ 155,423	$ 9,835,846	$ 66,948,409

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021

Total Governmental Fund Balances		$ 40,895,566

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	$ 313,356,544	
Accumulated depreciation	(118,246,448)	195,110,096

Deferred inflows of resources - the Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows of resources related to pensions	$ (29,852,361)	
Deferred inflows of resources related to total other post-employment benefits obligation	(99,005,412)	(128,857,773)

Deferred outflows of resources - deferred charges on refundings - The Statement of Net Position will amortize the deferred charges received over the life of the bond. Governmental funds record the deferred charges in the year of issue. The balance on the deferred charges at June 30, 2021 was:	1,299,492
Deferred inflows of resources - state aid - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual.	1,272,809

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits that will be recognized as expenditures in future periods amounted to:

Deferred outflows of resources related to pensions	$ 72,528,384	
Deferred outflows of resources related to total other post-employment benefits obligation	78,767,635	151,296,019

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of:	(2,720,735)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Energy performance contract debt payable	$ (23,725,712)	
Bonds payable (inclusive of unamortized premiums)	(127,076,378)	
Workers' compensation claims payable	(4,073,381)	
Termination benefits payable	(9,850,000)	
Compensated absences payable	(20,751,508)	
Total other post-employment benefits obligation	(415,227,364)	
Net pension liability-proportionate share (TRS)	(16,665,690)	
Net pension liability-proportionate share (ERS)	(68,910)	(617,438,943)
Total Net Position (Deficit)		$ (359,143,469)

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	$ 132,036,464	$ -	$ -	$ -	$ -	$ -	$132,036,464
Other tax items - including STAR reimbursement	15,910,374						15,910,374
Charges for services	573,776			448,333			1,022,109
Use of money and property	44,288		13	338	5,445		50,084
Sale of property and compensation for loss	163,544						163,544
Miscellaneous	2,398,873	17,561		1,300			2,417,734
State sources	93,670,909	6,028,834	66,385			2,210,501	101,976,629
Federal sources	1,302,258	4,382,833	2,755,531				8,440,622
Surplus food			225,117				225,117
School lunch sales			129,810				129,810
TOTAL REVENUES	246,100,486	10,429,228	3,176,856	449,971	5,445	2,210,501	262,372,487
EXPENDITURES							
General support	24,686,270						24,686,270
Instruction	135,103,424	10,554,757		422,182			146,080,363
Pupil transportation	15,179,207	280,537					15,459,744
Employee benefits	62,740,775						62,740,775
Debt service principal	14,159,518						14,159,518
Debt service interest	4,919,806						4,919,806
Cost of sales			3,239,560				3,239,560
Capital outlay						16,863,274	16,863,274
TOTAL EXPENDITURES	256,789,000	10,835,294	3,239,560	422,182	-	16,863,274	288,149,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,688,514)	(406,066)	(62,704)	27,789	5,445	(14,652,773)	(25,776,823)
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	489,460						489,460
Operating transfers in		408,740	130				408,870
Operating transfers (out)	(408,870)						(408,870)
TOTAL OTHER FINANCING SOURCES AND (	80,590	408,740	130	-	-	-	489,460
NET CHANGE IN FUND BALANCES	(10,607,924)	2,674	(62,574)	27,789	5,445	(14,652,773)	(25,287,363)
FUND BALANCES - BEGINNING OF YEAR AS RESTATED (SEE NOTE 20)	40,227,825	12,410	330,416	1,133,043	149,978	24,329,257	66,182,929
FUND BALANCES - END OF YEAR	$ 29,619,901	$ 15,084	$ 267,842	$ 1,160,832	$ 155,423	$ 9,676,484	$ 40,895,566

See Accompanying Notes to Financial Statements

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances		$ (25,287,363)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long Term Revenue and Expense Differences		
Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2021 is		(809,247)
In the Statement of Activities certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.		
Increase in workers' compensation claims payable		(514,386)
Derease in termination benefits payable		460,000
Decrease in compensated absences payable		1,274,525
Changes in the proportionate share of net pension asset/liability and the total other post-employment benefits obligation and the related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	$ (11,873,463)	
Employees' retirement system	1,461,737	
Total other post-employment benefits obligation	(4,143,890)	(14,555,616)
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	$ 16,881,341	
Depreciation expense	(9,439,698)	7,441,643
Long-Term Debt Differences		
Interest on long-term debt in the Statement of Activities is different from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities interest expense is recognized as it accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by:		(921,043)
Governmental funds reports the premiums, discounts and similar items when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Amortization on the 2019 bond premium	$ 42,669	
Amortization on the 2013 and 2016 bond refunding premiums	397,800	
Amortization on the 2013 and 2016 deferred charges on refundings	(239,276)	201,193
Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,074,518
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		12,085,000
Repayment of installment purchase debt principal is an expenditure in the governmental fund, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		733
Change in Net Position		$ (18,550,043)

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2021

	Custodial
ASSETS	
Restricted cash and cash equivalents	$ -
TOTAL ASSETS	$ -
LIABILITIES	
Other liabilities	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	$ -

Exhibit 9

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Custodial
ADDITIONS	
Library real property taxes collected	$ 14,898,017
TOTAL ADDITIONS	14,898,017
DEDUCTIONS	
Library real property taxes disbursed	14,898,017
TOTAL DEDUCTIONS	-
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION- END OF YEAR	$ -

See Accompanying Notes to Financial Statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

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

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

The accompanying financial statements present the activities of the District. 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, there are no other entities that would be included in the District's reporting entity.

B) Joint venture:

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

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

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

C) Basis of presentation:

District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants 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.

Fund Financial Statements:

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

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extra classroom activities.

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

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

D) Measurement focus and basis of accounting:

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

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E) **Real property taxes:**

Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. The District's tax levy is collected by the town of Brookhaven (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town Comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

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

F) **Restricted resources:**

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

G) **Interfund transactions:**

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

In the District-Wide Statements, eliminations have been made for all interfund receivables and payables between the funds.

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

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

H) Estimates:

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

I) Cash and cash equivalents:

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

J) Receivables:

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

K) Prepaid items and inventories:

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to prepay workers' compensation expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

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

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

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

L) **Capital assets:**

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

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

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

M) **Collections in advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2021 consisted of amounts received in advance for flexible spending plan payments in the general fund and meals that have not yet been purchased in the school lunch fund.

N) **Deferred inflows and outflows of resources:**

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. These amounts are related to deferred charges on refundings, pensions and the total other post-employment benefits liability which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14, 15 and 17.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. In the Governmental Funds Balance Sheet, the general fund reported $1,272,809 in other state aid that will be paid to the District when funds become available at the state level.

O) Vested employee benefits:

Compensated absences:

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

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

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

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

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

Termination benefits:

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

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

P) **Other benefits:**

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Q) **Short-term debt:**

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.
The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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

R) **Accrued liabilities and long-term obligations:**

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

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

S) **Equity classifications:**

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred charges on refundings).

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

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

Fund Financial Statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2021, the District has $24,722 in nonspendable fund balance for inventory recorded in the school lunch fund.

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

The District has classified the following as restricted:

Workers' Compensation Reserve:

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

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.

Insurance Reserve:

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

Property Loss Reserve and Liability Reserve:

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

Retirement Contribution Reserve:

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve:

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

Scholarships and Donations:

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

Debt Service:

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

Unspent debt proceeds:

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

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., Board). The District has no committed fund balances as of June 30, 2021.

Assigned fund balance – includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The District has established a Fund Balance policy that allows the Board of Education to set forth the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

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

Order of Use of Fund Balance

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

T) **New accounting pronouncements:**

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 for further consideration.

U) **Future accounting pronouncements:**

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

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

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

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

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

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

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

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

Long-term revenue and expense differences:

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

Capital related differences:

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

Long-term debt differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations for the fiscal year ending June 30, 2021.

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

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

B) **Encumbrances:**

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

NOTE 4 –DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) **Cash and cash equivalents:**

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

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

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

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

B) Restricted cash and cash equivalents:

Restricted cash and cash equivalents 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 and cash equivalents at June 30, 2021 included $25,504,772 within the governmental funds for general reserves, and amounts restricted for scholarships and donations purposes, debt service and capital projects.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed $13,124,471 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,576,103. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2021 consisted of the following:

General fund	
General aid	$ 1,577,214
Excess cost aid	2,510,014
BOCES aid	1,159,246
CARES Act	104,167
Medicaid reimbursement	93,860
Total	5,444,501
Special aid fund	
State and federal grants	6,104,131
Total	6,104,131
School lunch fund	
Lunch - federal aid	551,864
Lunch - state aid	13,851
Breakfast - federal aid	225,060
Breakfast - state aid	13,286
Total	804,061
Capital projects fund	
Smart Schools Bond Act funds	2,210,503
Total	2,210,503
Total - All funds	$ 14,563,196

The general fund general aid includes $1,272,809 of unavailable state revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2021 consisted of the following:

General Fund	
Tuition and health services billings	$ 155,108
School Lunch fund	
Middle Country Extraclassroom for sales and use tax paid	384
Total Due From Other Governments	$ 155,492

District management has deemed these amounts to be fully collectible.

NOTE 8 – CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 4,328,276	$ -	$ -	$ 4,328,276
Construction in progress	70,768,597	16,773,675		87,542,272
Total capital assets that are not depreciated	75,096,873	16,773,675	-	91,870,548
Capital assets that are depreciated:				
Building and improvements	199,504,751			199,504,751
Furniture and equipment	10,719,456	82,172		10,801,628
Land improvement	3,455,554			3,455,554
Vehicles	8,792,624	25,494	(1,094,055)	7,724,063
Total capital assets that are depreciated	222,472,385	107,666	(1,094,055)	221,485,996
Less accumulated depreciation:				
Building and improvements	92,930,189	8,280,028		101,210,217
Furniture and equipment	7,973,628	582,773		8,556,401
Land improvement	3,196,584	89,528		3,286,112
Vehicles	5,800,404	487,369	(1,094,055)	5,193,718
Total accumulated depreciation	109,900,805	9,439,698	(1,094,055)	118,246,448
Total capital assets being depreciated, net	112,571,580	(9,332,032)	-	103,239,548
Total capital assets, net	$ 187,668,453	$ 7,441,643	$ -	$ 195,110,096

Depreciation expense was charged to governmental functions as follows:

General support	$ 564,598
Instruction	8,340,491
Transportation	481,233
Food service program	53,376
Total	$ 9,439,698

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	$ 4,760,514	$ -	$ -	$ 408,870
Special aid fund		6,073,121	408,740	
School lunch fund		146,900	130	
Debt service fund	406			
Capital projects fund	1,459,101			
Totals	$ 6,220,021	$ 6,220,021	$ 408,870	$ 408,870

The District typically transfers from the general fund to the special aid fund to fund the District's share of the summer programs for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover the negative balances on students who owe money to the District for meals.

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

NOTE 10 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2021 consisted of:

General fund	
Flexible spending plan payments	$ 91,040
School lunch fund	
Prepaid meals	87,410
Total	$ 178,450

NOTE 11 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2021 consisted of the following:

General fund	
Overpayment of state aid	$ 4,369
Tuition and health services	79,815
	84,184
School lunch fund	
Sales tax payable	116
Total Due to Other Governments	$ 84,300

NOTE 12 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2021	1.7000%	$ -	$ 43,500,000	$ 43,500,000	$ -
Total			$ -	$ 43,500,000	$ 43,500,000	$ -

The TAN was issued to finance general fund operations. Interest on short-term debt for the year was $659,387.

NOTE 13 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021	Due Within One Year
Bonds payable					
Construction serial bonds	$ 136,340,000	$ -	$ 12,085,000	$ 124,255,000	$ 12,315,000
Plus: unamortized premiums on bonds	3,261,847		440,469	2,821,378	440,469
	139,601,847	-	12,525,469	127,076,378	12,755,469
Other long-term liabilities:					
Installment purchase debt payable	733		733	-	
Energy performance contract debt payable	25,800,230		2,074,518	23,725,712	2,117,680
Workers' compensation claims payable	3,558,995	2,208,757	1,694,371	4,073,381	1,200,000
Termination benefits payable	10,310,000		460,000	9,850,000	150,000
Compensated absences payable	22,026,033		1,274,525	20,751,508	1,250,000
Total other post-employment benefits obligation	415,195,097	4,176,157	4,143,890	415,227,364	
Net pension liability-proportionate share-TRS	-	27,023,748	10,358,058	16,665,690	
Net pension liability-proportionate share-ERS	18,931,080		18,862,170	68,910	
Total long-term liabilities	$ 635,424,015	$ 33,408,662	$ 51,393,734	$ 617,438,943	$ 17,473,149

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

A) Bonds Payable

Bonds payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Construction serial bond	4/21/2016	7/15/2028	1.00-5.00%	$ 5,705,000
Construction serial bond	3/20/2013	6/30/2027	2.00-4.00%	15,550,000
Construction serial bond	8/24/2016	8/15/2033	2.00%	25,400,000
Construction serial bond	8/15/2017	8/15/2033	2.00-3.00%	38,000,000
Construction serial bond	1/23/2019	1/15/2034	3.00%	23,575,000
Construction serial bond	9/4/2019	9/1/1934	1.50-2.00%	16,025,000
				$ 124,255,000

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	$ 12,315,000	$ 3,160,412	$ 15,475,412
2023	12,500,000	2,831,250	15,331,250
2024	12,765,000	2,489,775	15,254,775
2025	12,120,000	2,145,575	14,265,575
2026	10,970,000	1,830,400	12,800,400
2027-2031	44,035,000	5,262,563	49,297,563
2032-2035	19,550,000	727,000	20,277,000
	$ 124,255,000	$ 18,446,975	$ 142,701,975

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

B) <u>Energy Performance Contract Debt Payable</u>

Energy performance contract debt payable are composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy Performance Contract Debt	8/5/2011	10/15/2026	3.39%	$ 6,065,924
Energy Performance Contract Debt	2/12/2020	2/1/2035	2.11%	17,659,788
				$ 23,725,712

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	$ 2,117,680	$ 564,102	$ 2,681,782
2023	2,175,861	505,922	2,681,783
2024	2,235,729	446,053	2,681,782
2025	2,297,336	384,446	2,681,782
2026	2,360,734	321,048	2,681,782
2027-2031	6,952,609	974,403	7,927,012
2032-2035	5,585,763	268,564	5,854,327
	$ 23,725,712	$ 3,464,538	$ 27,190,250

C) **Long-Term Interest**

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

	Total
Interest paid	$ 4,260,419
Less interest accrued in the prior year	(1,799,692)
Plus interest accrued in the current year	2,720,735
Plus amortization of the deferred charges	239,276
Less amortization of bond premiums	(440,469)
Total expense	$ 4,980,269

D) **Premiums on Bonds:**

Premiums on bonds, net of amortization, are reported as a component of the related long-term liability, and amounted to $2,821,378 at June 30, 2021. This represents premiums received on the January 2019 bond issuance, and on the 2013 and 2016 bond refundings. These premiums are being amortized using the straight-line method over the life of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

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

Deferred changes on refunding result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred charges pertaining to the 2013 and 2016 bond refundings recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2021 consisted of the following:

2013 Bond refunding	
Initial deferred charges on refunding	$ 2,697,877
Amortization to date	(1,667,321)
Total deferred charges -2013, net of amortization	1,030,556
2016 Bond refunding	
Initial deferred charges on refunding	467,853
Amortization to date	(198,917)
Total deferred charges -2016, net of amortization	268,936
Total deferred charges, net of amortization	$ 1,299,492

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

NOTE 15 – PENSION PLANS:

A) Plan description and benefits provided:

i) Teachers' Retirement System

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

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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 which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

B) **Funding policies:**

The Systems are noncontributory, except as follows:

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

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 21.4% for Tier 1, 19.6% for Tier 2, 16.1% for Tiers 3 &4, 13.4% for Tier 5, and 9.6% for Tier 6

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

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

	NYSERS	NYSTRS
2021	$ 3,304,180	$ 10,358,058
2020	$ 3,342,737	$ 9,051,162
2019	$ 3,169,360	$ 10,621,153

C) **Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:**

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation, with update procedures used to roll forward the total pension liability. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Net pension (liability)	$ (68,910)	$ (16,665,690)
District's portion of the Plan's total net pension liability	0.0692047%	0.603115%
Change in proportion since prior measurement date	(0.0022857)	0.0037490

For the fiscal year ended June 30, 2021, the District recognized pension expense of $1,842,590 for ERS and a pension expense of $22,255,348 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 841,576	$ 14,602,479	$ -	$ 854,085
Net difference between projected and actual earnings on pension plan investments		10,884,156	19,794,974	
Changes of assumptions	12,670,303	21,078,218	238,966	7,513,284
Changes in proportion and differences between the District's contributions and proportionate share of contributions	845,030	134,284	311,235	1,139,817
District's contributions subsequent to the measurement date	1,114,280	10,358,058		
	$ 15,471,189	$ 57,057,195	$ 20,345,175	$ 9,507,186

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Fiscal year ended:		
2021	$ -	$ 6,309,668
2022	(969,860)	12,923,026
2023	(255,087)	10,582,079
2024	(990,945)	6,475,128
2025	(3,772,374)	171,909
Thereafter	-	730,141
	$ (5,988,266)	$ 37,191,951

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

	ERS		TRS	
Measurement Date	March 31, 2021		June 30, 2020	
Asset type	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Domestic equity	32%	4.05%	33%	7.1%
International equity	15%	6.30%	16%	7.7%
Global equity			4%	7.4%
Private equity	10%	6.75%	8%	10.4%
Real estate	9%	4.95%	11%	6.8%
Absolute return strategies				
Opportunistic/ARS portfolio	3%	4.50%		
Real assets	3%	5.95%		
Credit	4%	3.63%		
Cash	1%	0.50%		
Inflation-indexed bonds				
Domestic fixed income secur	23%		16%	1.8%
Global bonds			2%	1.0%
High-yield bonds			1%	3.9%
Private debt			1%	5.2%
Real estate debt			7%	3.6%
Short-term			1%	0.7%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.0% for ERS, and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage-point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	$ (19,126,715)	$ (68,910)	$ 17,506,847

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset/(liability)	$ (105,271,418)	$ (16,665,690)	$ 57,696,971

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation date	March 31, 2021	June 30, 2020
Employers' total pension (liability)	$ (220,680,157)	$ (123,242,776)
Plan Net Position	220,580,583	120,479,505
Employers' net pension asset/(liability)	$ (99,574)	$ (2,763,271)
Ratio of plan net position to the Employers' total pension asset/(liability)	99.95%	97.76%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution 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 $1,114,280.

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 a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to $10,960,991.

NOTE 16 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021 totaled $2,195,616 and $5,649,502 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled $323,011.

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

A) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 100% of premiums for retirees, between 35% and 90% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District contributed an estimated $12,501,298 to the Plan, including $12,501,298 for current premiums and $0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

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

B) **Total OPEB Liability:**

The District's total OPEB liability of $415,227,364 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Discount rate	2.19%
Healthcare cost trend rates	7.50% decreasing to 4.5% by 2028
Retirees' share of benefit-related costs	0% to 50% of projected health insurance premiums for retirees, 10% to 65% for family coverage, and 100% for surviving spouse

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

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

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

C) **Changes in the Total OPEB Liability:**

Balance at June 30, 2020	$ 415,195,097
Changes for the fiscal year:	
Service cost	12,755,531
Interest	11,218,311
Changes of benefit terms	
Differences between expected and actual experience	(40,298,400)
Changes in assumptions or other inputs	28,858,123
Benefit payments	(12,501,298)
Net changes	32,267
Balance at June 30, 2021	$ 415,227,364

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs include a decrease in the discount rate from 2.66% at the June 30, 2020 measurement date to 2.19% at the June 30, 2021 measurement date, as well as a change to the healthcare trend rates to an annual trend of 7.5% instead of 8%.

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 (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	$ 476,427,090	$ 415,227,364	$ 347,881,110

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 (6.50%) or 1-percentage-point higher (8.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability	$ 337,714,095	$ 415,227,364	$ 492,615,205

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $16,645,188. At June 30, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (99,005,412)
Changes of assumptions or other inputs	78,767,635	
	$ 78,767,635	$ (99,005,412)

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

Fiscal Year ended June 30:	
2022	$ (7,328,654)
2023	(7,328,654)
2024	(7,328,658)
2025	3,654,901
2026	(1,906,712)
	$ (20,237,777)

NOTE 18 – TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain administrators and teachers through their employment contracts and to unaffiliated staff through a Board of Education policy. In general, for teachers and certain administrators, a retirement incentive of $15,000 is available to those who have been in the employ of the District for at least ten years and who retire on the July 1 following his/her 55th birthday. For other administrators, a retirement incentive of $15,000 is available to those who retire from the District and the New York State Teachers Retirement System and who have been in the employ of the District in the capacity as an administrator for at least five years. Unaffiliated staff employed by the District for at least five years are entitled to a $10,000 retirement incentive. The current value of incentive payments earned for approximately 664 employees is $9,850,000 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 19 – RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2021. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool. As of June 30, 2021, the District has reserves for property loss and liability totaling $1,259,026.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for unpaid claims which were incurred on or before year but not reported (IBNR). As of June 30, 2021, the District has recorded potential workers' compensation claims payable of $4,073,381 and has a workers' compensation reserve balance of $1,295,434.

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

	2021	2020
Unpaid claims at beginning of year	$ 3,558,995	$ 3,718,556
Incurred claims and claim adjustment expenses	2,208,757	1,432,971
Claims payments	(1,694,371)	(1,592,532)
Unpaid claims at year end	$ 4,073,381	$ 3,558,995

NOTE 20 – RESTATEMENT OF FUND BALANCES / NET POSITION (DEFICIT)

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in the reporting changes in current assets and other liabilities. The District's net fund balance and net position (deficit) have been restated as follows:

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position/(Deficit)
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	$ 40,227,825	$ -	$ (341,726,469)
Assets			
Cash	1,701,577	156,120	1,857,697
Cash - restricted		976,923	976,923
Due from fiduciary fund	(784,838)		(784,838)
Other assets	15,186		15,186
Total Assets	931,925	1,133,043	2,064,968
Liabilities			
Current and other liabiltiies	931,925		931,925
Total Liabilities	931,925	-	931,925
Fund Balance/Net Position (Deficit)			
Restricted for scholarships and donations		976,923	976,923
Assigned unappropriated fund balance		156,120	156,120
Total Fund Balance	-	1,133,043	1,133,043
Net increase (decrease) in Fund Balance/ Net Position	-	1,133,043	1,133,043
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	$ 40,227,825	$ 1,133,043	$ (340,593,426)

NOTE 21 - TAX ABATEMENTS:

The Town of Brookhaven Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 892, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by $1,173,852 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling $246,392 for these programs during the fiscal year.

NOTE 22 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

All encumbrances are classified as restricted or assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

General fund		
General support	$	404,206
Instructional		486,782
Transportation		11,055
Employee benefits		29,301
	$	931,344
Special aid fund		
Instructional	$	143,962
School lunch fund		
Food service program	$	7,451
Capital projects fund		
Capital projects	$	2,397,262

B) **Grants:**

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

C) **Litigation:**

As of June 30, 2021, the District is involved in litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

NOTE 23 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 14, 2021 which is the date the financial statements were available to be issued, and noted the following:

- On August 11, 2021 an addendum was done to the energy performance contract in the amount of $2,391,840 at an interest rate of 1.47% and payable over 15 years. The lease purchase agreement was authorized on July 28, 2021 and is for a 4,030.40kilowatt roof mounted and carport/canopy photovoltaic electrical generation systems that interconnects with the existing electrical distribution system.

- The District issued $43,500,000 in tax anticipation notes on August 5, 2021, maturing on June 24, 2022 with an interest rate of 1.00%.

- In July 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations (CRSSA) funding of $917,774 through the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended.

SUPPLEMENTARY INFORMATION

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	$ 131,007,497	$ 131,007,497	$ 132,036,464	$ 1,028,967
Other real property tax items	16,692,503	16,692,503	15,910,374	(782,129)
Charges for services	250,000	250,000	573,776	323,776
Use of money & property	1,150,000	1,150,000	44,288	(1,105,712)
Sale of property & compensation for loss	75,000	75,000	163,544	88,544
Miscellaneous	1,667,000	1,667,000	2,398,873	731,873
State sources				
Basic formula	82,383,616	65,540,077	59,037,382	(6,502,695)
Excess cost aid		16,843,539	16,293,547	(549,992)
Lottery aid	12,998,416	12,998,416	13,833,334	834,918
BOCES aid	2,792,318	2,792,318	2,576,103	(216,215)
Tuition aid			177,857	177,857
Textbook aid	568,229	568,229	554,424	(13,805)
Computer software aid	264,863	264,863	281,250	16,387
Library A/V loan program aid	56,661	56,661	49,042	(7,619)
Other state aid			867,970	867,970
Federal sources	215,000	215,000	1,302,258	1,087,258
TOTAL REVENUES	250,121,103	250,121,103	246,100,486	(4,020,617)
Other financing sources				
Premium on Obligations -TAN			489,460	489,460
TOTAL REVENUE AND OTHER FINANCING SOURCES	250,121,103	250,121,103	246,589,946	$ (3,531,157)
Appropriated fund balance	2,400,000	2,400,000		
Appropriated reserves	13,475,971	13,475,971		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE AND RESERVES	$ 265,997,074	$ 265,997,074		

Note to Required Supplementary Information

Budget Basis of Accounting

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	$ 126,980	$ 149,280	$ 128,525	$ -	$ 20,755
Central administration	469,255	550,755	540,062		10,693
Finance	1,876,856	2,060,556	1,823,124	27,390	210,042
Staff	2,583,319	2,561,669	1,740,986	37,106	783,577
Central services	17,687,579	19,479,933	17,940,560	339,710	1,199,663
Special items	2,541,513	2,570,206	2,513,013		57,193
Total general support	25,285,502	27,372,399	24,686,270	404,206	2,281,923
Instructional					
Instruction, adm. & imp.	7,586,982	7,667,104	7,341,778	182	325,144
Teaching - regular school	78,305,526	78,520,626	77,599,621	58,152	862,853
Programs for children with handicapping conditions	35,335,166	35,277,085	33,468,275	385,654	1,423,156
Occupational education	4,306,969	4,087,269	3,990,006	120	97,143
Teaching special schools	506,017	509,917	491,700		18,217
Instructional media	3,621,751	3,715,684	3,465,702	8,304	241,678
Pupil services	8,808,763	9,122,652	8,746,342	34,370	341,940
Total instructional	138,471,174	138,900,337	135,103,424	486,782	3,310,131
Pupil transportation	14,651,895	15,948,351	15,179,207	11,055	758,089
Employee benefits	67,545,919	64,126,469	62,740,775	29,301	1,356,393
Debt service					
Debt service principal	14,159,518	14,159,518	14,159,518		-
Debt service interest	5,415,419	5,022,353	4,919,806		102,547
Total debt service	19,574,937	19,181,871	19,079,324	-	102,547
TOTAL EXPENDITURES	265,529,427	265,529,427	256,789,000	931,344	7,809,083
Other financing uses					
Transfers to other funds	467,647	467,647	408,870		58,777
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 265,997,074	$ 265,997,074	257,197,870	$ 931,344	$ 7,867,860
NET CHANGE IN FUND BALANCE			(10,607,924)		
FUND BALANCE - BEGINNING OF YEAR			40,227,825		
FUND BALANCE - END OF YEAR			$ 29,619,901		

Note to Required Supplementary Information

Budget Basis of Accounting

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 12,755,531	$ 11,348,199	$ 11,463,774	$ 14,477,166
Interest	11,218,311	13,148,634	15,317,410	14,943,506
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(40,298,400)	(30,928,103)	(54,564,408)	(40,885,768)
Changes of assumptions or other inputs	28,858,123	64,297,792	18,821,760	5,700,629
Benefit payments	(12,501,298)	(11,755,003)	(12,461,546)	(13,220,032)
Net change in total OPEB liability	32,267	46,111,519	(21,423,010)	(18,984,499)
Total OPEB liability - beginning	415,195,097	369,083,578	390,506,588	409,491,087
Total OPEB liability - ending	$ 415,227,364	$ 415,195,097	$ 369,083,578	$ 390,506,588
Covered-employee payroll	$ 136,153,499	$ 121,730,117	$ 122,363,908	$ 118,447,436
Total OPEB liability as a percentage of covered-employee payroll	304.97%	341.08%	301.63%	329.69%

Notes to Schedule:

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

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

2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%

For 2021, changes of assumptions also includes a change to the healthcare trend rates to an annual trend of 7.5% instead of 8.0%.

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

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability)	0.0692047%	0.0714904%	0.0743137%	0.0727740%	0.0723576%	0.0724680%	0.0702476%	0.0702476%
District's proportionate share of the net pension (liability)	$ (68,910)	$ (18,931,080)	$ (5,265,355)	$ (2,348,740)	$ (6,798,881)	$ (11,631,318)	$ (2,373,137)	$ (3,174,392)
District's covered payroll	$ 25,631,224	$ 23,560,919	$ 23,116,132	$ 22,546,913	$ 20,853,069	$ 20,258,173	$ 20,610,016	$ 19,402,005
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	0.27%	80.35%	22.78%	10.42%	32.60%	57.42%	11.51%	16.36%
Plan fiduciary net position as a percentage of the total pension (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NYSTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability) / asset	0.603115%	0.599366%	0.591186%	0.586609%	0.590947%	0.588572%	0.568047%	0.549144%
District's proportionate share of the net pension (liability) / asset	$ (16,665,690)	$ 15,571,567	$ 10,690,204	$ 4,458,813	$ (6,329,288)	$ 61,133,877	$ 63,276,929	$ 3,614,762
District's covered payroll	$ 102,367,668	$ 101,942,899	$ 97,000,252	$ 93,524,270	$ 91,705,091	$ 89,868,630	$ 84,779,765	$ 81,727,453
District's proportionate share of the net pension (liability) / asset as a percentage of its covered payroll	16.28%	15.27%	11.02%	4.77%	6.90%	68.03%	74.64%	4.42%
Plan fiduciary net position as a percentage of the total pension (liability) / asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

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

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 3,304,180	$ 3,342,737	$ 3,169,360	$ 3,031,707	$ 2,966,365	$ 3,408,900	$ 3,685,597	$ 3,585,625	$ 3,685,462	$ 3,018,004
Contributions in relation to the contractually required contribution	3,304,180	3,342,737	3,169,360	3,031,707	2,966,365	3,408,900	3,685,597	3,585,625	3,685,462	3,018,004
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 25,602,276	$ 23,574,095	$ 23,230,601	$ 22,834,793	$ 21,281,289	$ 20,492,506	$ 20,868,392	$ 19,659,888	$ 19,225,854	$ 19,188,111
Contributions as a percentage of covered payroll	12.91%	14.18%	13.64%	13.28%	13.94%	16.63%	17.66%	18.24%	19.17%	15.73%

NYSTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 10,358,058	$ 9,051,162	$ 10,621,153	$ 9,437,216	$ 10,894,707	$ 12,091,668	$ 15,498,537	$ 13,635,283	$ 9,523,829	$ 9,034,941
Contributions in relation to the contractually required contribution	10,358,058	9,051,162	10,621,153	9,437,216	10,894,707	12,091,668	15,498,537	13,635,283	9,523,829	9,034,941
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 108,688,902	$ 102,367,668	$ 101,942,899	$ 97,000,252	$ 93,524,270	$ 91,705,091	$ 89,868,630	$ 84,779,765	$ 81,727,453	$ 82,508,215
Contributions as a percentage of covered payroll	9.53%	8.84%	10.42%	9.73%	11.65%	13.19%	17.25%	16.08%	11.65%	10.95%

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$ 265,011,296
Add: prior year's encumbrances	985,778
Original budget	265,997,074
Budget revision:	-
Final budget	$ 265,997,074

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021 - 2022 voter-approved expenditure budget		$ 269,080,958
Maximum allowed (4% of 2021-22 budget)		$ 10,763,238
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 3,331,344	
Unassigned fund balance	8,072,430	
Total unrestricted fund balance		11,403,774
Less:		
Appropriated fund balance	$ 2,400,000	
Encumbrances included in assigned fund balance	931,344	
Total adjustments		3,331,344
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 8,072,430
Actual percentage		3.00%

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2021

Project Title	Proj. #	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Year's	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State and Federal Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2021
2015 Bond Project												
District Wide Bond Project	**	$ 2,179,131	$ 956,612	$ 32,406	$ (1,666)	$ 30,740	$ 925,872	1,032,879	$ -	$ 50,000	$ 1,082,879	$ 1,052,139
District Wide Doors	7999008	5,109,809	6,973,946	5,284,134	966,367	6,250,501	723,445	6,867,188			6,867,188	616,687
District Wide Security Project	7999007	2,019,333	138,033	81,468	44,653	126,121	11,912	138,033			138,033	11,912
District Wide Network Equipment	**	797,300	756,948	756,948		756,948	-	756,948			756,948	-
Dawnwood MS Roof/Renov	0008021	9,204,561	4,000,861	4,000,938		4,000,938	(77)	4,000,938			4,000,938	-
New Lane Café/Library/Renov	0016014	674,162	803,707	803,707		803,707	-	803,707			803,707	-
Stagecoach Building Renovation # 1	0012011	155,423	740,352	740,352		740,352	-	740,352			740,352	-
New Lane Generator	0016018	333,000	295,618	13,476	35,516	48,992	246,626	295,618			295,618	246,626
Dawnwood MS Windows	0008022	2,632,685	2,632,526	219,051	1,604,028	1,823,079	809,447	2,632,526			2,632,526	809,447
Dawnwood MS Building Renovation # 1	0008020	413,300	5,043,441	4,885,262	158,179	5,043,441	-	5,043,441			5,043,441	-
Dawnwood MS Building Phase 3	0008025	-	818,074	676,871	122,177	799,048	19,026	818,074			818,074	19,026
Selden MS Windows	0010022	2,415,685	2,411,017	2,250,018	160,969	2,410,987	30	2,411,017			2,411,017	30
Selden MS Building Renovation #1	0010021	631,170	2,810,974	2,810,974		2,810,974	-	2,810,974			2,810,974	-
Selden MS Building Renovation #2	0010023	3,605,920	3,787,854	3,336,990	450,687	3,787,677	177	3,787,854			3,787,854	177
Selden MS Boiler	0010020	195,425	725,805	725,805		725,805	-	725,805			725,805	-
Newfield HS Windows	0006026	3,826,185	3,550,552	3,283,097	267,455	3,550,552	-	3,550,552			3,550,552	-
Newfield HS Building Renovation # 1	0006027	414,500	10,416,642	9,912,494	496,110	10,408,604	8,038	10,416,642			10,416,642	8,038
Newfield HS New Gym	0006024	6,542,645	10,003,342	9,865,189		9,865,189	138,153	10,003,342			10,003,342	138,153
Newfield HS Phase 2	0006029	1,850,000	2,671,898	2,323,931	347,967	2,671,898	-	2,671,898			2,671,898	-
Newfield HS Phase 3		-	9,724			-	9,724	9,724			9,724	9,724
Newfield HS Comfort Station		323,625	377,843		360,050	360,050	17,793	377,843			377,843	17,793
Newfield HS Generator	0006025	333,000	305,069	14,884	27,795	42,679	262,390	305,069			305,069	262,390
Centereach HS Track/roof			259		259	259	-	259			259	-
Centereach HS Vestibule	0015020	97,000	85,553	85,553		85,553	-	85,553			85,553	-
Centereach HS Windows	0015025	3,829,185	3,384,774	2,112,521	1,270,055	3,382,576	2,198	3,384,774			3,384,774	2,198
Centereach HS Building Renovation # 1	0015026	360,500	8,404,934	7,871,223	490,590	8,361,813	43,121	8,404,934			8,404,934	43,121
Centereach HS New Gym	0015023	7,986,568	11,339,276	11,238,184	917	11,239,101	100,175	11,339,276			11,339,276	100,175
Centereach HS Phase 2	0015028	617,000	912,357	595,758	14,894	610,652	301,705	912,357			912,357	301,705
Centereach HS Phase 3		-	-			-	-				-	-
Centereach HS Generator	0015024	333,000	268,044	15,684	25,831	41,515	226,529	268,044			268,044	226,529
Centereach Comfort Station		323,625	-			-	-				-	-
Bicycle Path School Building Renovation #1			34,630			-	34,630	34,630			34,630	34,630
Auer Building Renovation #1			189,720			-	189,720	189,720			189,720	189,720
Hawkins path Elementary School Windows			43,363			-	43,363	43,363			43,363	43,363
Buses	**	5,280,000	3,739,289	3,739,289		3,739,289	-	3,739,289	80,000		3,819,289	80,000
Bus Cameras/Equipment		424,000	340,000	340,000		340,000	-	340,000			340,000	-
Fuel Management System		67,000	72,407	72,407		72,407	-	72,407		50,000	122,407	50,000
Smart Schools Bond Act		219,627	6,467,120	3,058,942	2,210,501	5,269,443	1,197,677		5,269,443		5,269,443	-
Energy Performance Contract 2019/20		-	18,746,916	5,624,075	7,714,195	13,338,270	5,408,646	18,746,916			18,746,916	5,408,646
Unity Drive Electric		-	100,000		95,745	95,745	4,255			100,000	100,000	4,255
Total		$ 63,194,364	$ 114,359,480	$ 86,771,631	$ 16,863,274	$ 103,634,905	$ 10,724,575	$ 107,761,946	$ 5,349,443	$ 200,000	$ 113,311,389	$ 9,676,484

**- Project numbers to be assigned

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital assets, net		$ 195,110,096
Add:		
Unspent debt proceeds		9,622,229
Deferred charges on refundings		1,299,492
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premiums)	$ 12,755,469	
Long-term portion of bonds payable (inclusive of unamortized premiums)	114,320,909	127,076,378
Short-term portion of energy performance contracts payable	$ 2,117,680	
Long-term portion of energy performance contracts payable	21,608,032	23,725,712
Net investment in capital assets		$ 55,229,727

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

August , 2022

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

Ladies and Gentlemen:

We have acted as Bond Counsel to Middle Country Central School District at Centereach (the "School District"), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $43,500,000 Tax Anticipation Notes for 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 subject to certain statutory limitations. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

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

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

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

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

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

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

"Securities" shall mean the Issuer's $43,500,000 Tax Anticipation Notes for 2022-2023 Taxes, dated August 16, 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 **August 16, 2022.**

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT AT CENTEREACH

By____

President of the Board of Education