PRELIMINARY OFFICIAL STATEMENT DATED JULY 23, 2019

NEW ISSUE **TAX ANTICIPATION NOTES**

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

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

DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

$20,000,000* TAX ANTICIPATION NOTES FOR 2019-2020 TAXES
(the "Notes")

Date of Issue: August 8, 2019 **Maturity Date: June 25, 2020**

The Notes are general obligations of the Deer Park Union Free School District, 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 *"Description of Book-Entry System"* herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 31, 2019 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 8, 2019.

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

July , 2019

*Preliminary, subject to change.

DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

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BOARD OF EDUCATION

Donna Marie Elliott, President
John Gouskos, Vice President

Al Centamore
Donna Gulli-Grunseich
Jerry Jean-Pierre
Robert Marino
Kristine Rosales

School District Officials

James Cummings, Superintendent of Schools
Lisa Brennan, District Clerk
Renee Pappone, District Treasurer
Marguerite Jimenez, Assistant Superintendent for Business and Operations

School District Attorney

Frazer & Feldman, LLP
Garden City, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
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No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT

DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

Relating To

$20,000,000* TAX ANTICIPATION NOTES FOR 2019-2020 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Deer Park Union Free School District in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $20,000,000* Tax Anticipation Notes for 2019-2020 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.

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: Marguerite Jimenez, Assistant Superintendent for Business, Deer Park Union Free School District, 1881 Deer Park Avenue, Deer Park, NY 11729, Phone (631) 274-4001, Fax (631) 274-4033 and email: jimenez.m@deerparkschools.org.

Optional Redemption

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

Description of Book-entry 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.

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

*Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2019-2020 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 2019-2020 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 2019-2020 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, 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, established in 1891, with a land area of approximately 5.8 square miles, is located in the Town of Babylon, Suffolk County, New York, approximately twenty-five miles from the City of New York's easterly boundary. The District is bounded on the west by the community of Wyandanch; on the North by Dix Hills, on the east by Brentwood, and on the south by North Babylon. The community is made up of primarily residential homes, but has considerably more than the average industrial properties in its tax base.

The community population is approximately 25,795 with a student population in the school system of 4,039. Located in the District are four commercial banks, namely, the JPMorgan Chase Bank, Citibank, Capital One Bank and Bank of America. In addition, the community is served by Roosevelt Savings Bank.

Electricity is provided by the PSEG Long Island. Gas is provided by National Grid. Water is furnished by the Suffolk County Water Authority. Fire protection is furnished by a local volunteer fire department, namely, the Deer Park Fire Department. Police protection is provided by the Suffolk County Police Department.

District Organization

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. There is a one-year residency requirement for Board members and no member may hold any other elective office while serving on the Board of Education. 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, Assistant Superintendent for Pupil Personnel, the District Clerk, District Treasurer and the Assistant Superintendent for Business and Operations.

Enrollment History

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

School Year	School Enrollment
2015-2016	4,227
2016-2017	4,171
2017-2018	4,129
2018-2019	4,136
2019-2020	4,039

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2020-2021	3,936
2021-2022	3,902

Source: District Officials.

District Facilities

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

Name of School	Grades	Insurable Value
May Moore Elementary	PreK-2	$11,551,076
John Quincy Adams	PreK-2	12,296,804
J.F. Kennedy Intermediate	3-5	31,229,648
Robert Frost Middle	6-8	29,264,523
Deer Park High	9-12	56,607,466
Transport Annex	Offices	449,281
Washington Elementary[a]	Vacant	11,014,738
Memorial	Rented	7,552,762
Abraham Lincoln Elementary	For Rent	7,655,146

a. Tentative closing date for sale is mid-July, 2019.

Employees

The District provides services through approximately 835 employees who are represented by the following units of organized labor, plus non-union employees not represented.

Name of Union	Expiration Date of Contract	Approx. No. of Members
Deer Park Teachers Association	06/30/2022	376
Deer Park Unit of Suffolk Educ. (CSEA)	06/30/2021	205
Deer Park Administrators Association	06/30/2023	28
Deer Park Teaching Assistants & Non-Instructional Teacher Aides	06/30/2023	183

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

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

Year	District	Town of Babylon	Suffolk County
1990	-	202,940	1,321,864
2000	-	211,792	1,419,369
2010	26,329	213,603	1,493,350
2017	25,795	213,199	1,497,595

Source: U.S. Bureau of the Census.

Income Data

The information set forth below with respect to the Town, County and State is included for information purposes only. It should not be inferred 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	2017[a]
District	-	-	$29,431	$33,737
Town of Babylon	$16,726	$22,844	30,219	33,875
County of Suffolk	18,481	26,577	35,411	40,277
State of New York	16,501	23,389	30,791	35,752

	Median Household Income			
	1990	2000	2010	2017[a]
District	-	-	$77,457	$85,173
Town of Babylon	$47,074	$60,064	79,545	86,339
County of Suffolk	49,128	65,288	84,506	92,838
State of New York	32,965	43,393	55,603	62,765

Source: United States Bureau of the Census
a. Based on American Community Survey 5-Year Estimate (2013-2017)

Selected Listing of Larger Employers in Town of Babylon[a]
(As of 2017)

Name	Type of Business	Estimated Number of Employees
United Parcel Service	Mailing/Trucking	5,412
PC Richard & Son	Electronic Sales	1,864
Lindenhurst UFSD	Education	1,400
Telephonics Corp.	Electronics	1,200
South Oaks Hospital	Health Services	1,100
Farmingdale State College	Education	987
Broadlawn Manor Adult Day Center	Human Services	900
Copaigue UFSD	Education	736
Amityville UFSD	Education	629

Source: Town of Babylon.
a. Not necessarily representative of the District.

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 Babylon. The information set forth below with respect to such Town, Suffolk County and New York 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, the County, or the State, or vice versa.

Annual Averages:	Town of Babylon (%)	Suffolk County (%)	New York State (%)
2014	5.7	5.3	6.4
2015	5.3	4.9	5.5
2016	4.7	4.3	4.8
2017	4.8	4.5	4.7
2018	4.1	3.9	4.1
2019 (5 Month Average)	3.6	3.6	4.1

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

Computation of Debt Limit and Debt Contracting Margin
(As of July 23, 2019)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Babylon (2018-2019)[a]	$33,831,685	1.07%	$3,161,839,720
Debt Limit - 10% of Average Full Valuation			$316,183,972
Inclusions:[b]			
Outstanding Bonds			$16,915,000
Bond Anticipation Notes			0
Total Indebtedness			16,915,000
Exclusions (Estimated Building Aid)[c]			10,605,705
Total Net Indebtedness			6,309,295
Net Debt Contracting Margin			$309,874,677
Per Cent of Debt Contracting Margin Exhausted			2.04%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax 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 therefor 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.

Trend of Outstanding Indebtedness
As of June 30:

	2015	2016	2017	2018	2019
Bonds	$1,800,000	$275,000	-	-	$16,915,000
BANs	-	-	$4,700,000	$12,700,000	-
Other	-	-	-	-	-
Total	$1,800,000	$275,000	$4,700,000	$12,700,000	$16,915,000

Details of Short-Term Indebtedness Outstanding

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

Debt Service Requirements - Outstanding Bonds[a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2020	$ 900,000	$ 727,598	$ 1,627,598
2021	900,000	466,950	1,366,950
2022	950,000	439,200	1,389,200
2023	1,050,000	409,200	1,459,200
2024	1,050,000	377,700	1,427,700
2025	1,075,000	345,825	1,420,825
2026	1,125,000	312,825	1,437,825
2027	1,150,000	278,700	1,428,700
2028	1,165,000	243,975	1,408,975
2029	1,225,000	208,125	1,433,125
2030	1,225,000	171,375	1,396,375
2031	1,255,000	134,175	1,389,175
2032	1,265,000	96,375	1,361,375
2033	1,290,000	58,050	1,348,050
2034	1,290,000	19,350	1,309,350
	$ 16,915,000	$ 4,289,423	$ 21,204,423

a. Does not include payments made to date.

Tax Anticipation Notes

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

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

Fiscal Year Ending June 30:	Amount	Issue	Maturity
2015	$18,000,000	08/14/2014	06/25/2015
2016	19,000,000	08/25/2015	06/27/2016
2017	18,000,000	08/11/2016	06/27/2017
2018	19,000,000	08/10/2017	08/10/2018
2019	20,000,000	08/09/2018	06/25/2019

Authorized and Unissued Debt

As of the date of this Official Statement, the District has no authorized and unissued debt.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	05/31/2019	1.61	$32,827,770	$20,619,037
Town of Babylon	10/23/2018	14.53	22,873,126	187,038,680
Totals			$55,700,896	$207,657,717

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 23, 2019)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$ 16,915,000	$ 656	0.610
Net Direct Debt	6,309,295	245	0.228
Total Direct & Applicable Total Overlapping Debt	72,615,896	2,815	2.620
Net Direct & Applicable Net Overlapping Debt	213,967,012	8,295	7.721

a. The current population of the District is 25,795.
b. The full valuation of taxable real property in the District for 2018-19 is $3,161,839,720.

FINANCES OF THE DISTRICT

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

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

On May 21, 2019, a majority of the voters of the District approved the District's budget for the 2019-2020 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2018-2019 and 2019-2020 may be found in Appendix A, herein.

Revenues

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

Real Property Taxes

See *"Tax Information"* herein.

State Aid

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 amounts of the District's General Fund revenue comprised of State aid for each of the fiscal years 2014 through 2018, inclusive and the amounts budgeted for the 2019 and 2020 fiscal years.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2014	$ 99,047,371	$25,301,449	25.54
2015	99,779,894	25,648,732	25.71
2016	102,421,823	26,819,023	26.18
2017	104,426,551	26,878,496	25.74
2018	105,968,765	27,603,630	26.05
2019 (Budgeted)[a]	112,508,977	28,930,352	25.71
2020 (Budgeted)[a]	116,030,732	30,455,882	26.25

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. During the 2012 to 2018 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 fiscal year, 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 the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

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

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. In response to various state initiatives following changes to federal taxes and deductibility, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) have provided guidance regarding state initiatives that would seek to circumvent the new statutory limitation on state and local tax deductions and characterization of payments for federal income tax purposes. The final regulation prohibit the use of programs implemented in some states in which taxpayers receive a credit against their state income taxes for donations made to charitable funds set up by the state in an attempt to reduce the impact of the federal cap on state and local tax deductions. The District has not exercised this option and has no plans to do so in the foreseeable future.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

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

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

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

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

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

Recent 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 increased established in more recent years.

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 had 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.

The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequent State budgets decreased the amount of the GEA deduction and the State's 2016-2017 Budget eliminated the remaining balance of the GEA.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's estimated allocation of funds is $2,636,151.

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 "*Market Factors Affecting Financings of the State and School Districts of the State*").

Expenditures

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

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

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

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 18.3%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released July 15, 2016. The purpose of such audit was to examine bank reconciliations for the period July 1, 2014 – December 31, 2015. The complete report, together with the District's response, may be found on the OSC's official website.

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

Employee Pension System

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

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

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

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

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

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

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

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

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

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and budgeted for the 2019 fiscal year.

Fiscal Year Ending June 30:	TRS	ERS
2015	$7,366,076	$1,827,021
2016	7,966,456	1,672,541
2017	6,273,981	1,455,487
2018	4,902,595	1,433,075
2019	5,349,457	2,050,290
2020 (Budgeted)	4,929,489	2,552,113

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

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

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

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2018:
Balance as of June 30, 2017:	$208,605,705
Changes for the year:	
Service Cost	8,570,723
Interest	6,447,605
Differences between actual and expected experience	(228,370)
Benefit payments	(4,546,148)
Total Changes	$10,243,810
Total OPEB liability as of June 30, 2018	$218,849,515

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

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

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the amount of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2014 through 2018, inclusive and for the amounts budgeted for the 2019 and 2020 fiscal years.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2014	$ 99,047,371	$55,984,552	56.52
2015	99,779,894	56,954,410	57.08
2016	102,421,823	58,317,365	56.94
2017	104,426,551	59,107,959	56.60
2018	105,968,765	60,360,525	56.96
2019 (Budgeted)[a]	112,508,977	70,806,838	62.93
2020 (Budgeted)[a]	116,030,732	72,906,035	62.83

Source: Audited Financial Statements of the District and Adopted Budgets of the District.
a. Budgeted estimates for total revenues include appropriations of fund balance. Budgeted estimates for real property taxes include STAR.

Tax Collection Procedure

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

The Town Tax Receiver 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 Receiver 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. Approximately 15% of the District's 2018-2019 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 15% of the District's 2019-2020 school tax levy exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2020. (See *"State Aid"* herein).

Rebate Program

Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limit Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "government efficiency plan" which demonstrated three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limit Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limit Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limit Law. In either scenario,

the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limit Law. While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 20 does provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

Valuations, Rates and Levies

The following table sets forth the District's assessed and full valuations, tax rates and levies for the years 2015-2019.

Fiscal Year Ending June 30:	Assessed Valuation	State Equal. Rate (%)	Full Valuation	Tax Rate Per $1,000 Assessed Valuation	Tax Levy
2015	$33,900,634	1.25	$2,712,050,720	$196.23	$66,524,186
2016	33,781,791	1.19	2,838,805,966	199.98	67,557,737
2017	33,715,413	1.18	2,857,238,390	202.13	68,147,697
2018	33,701,071	1.12	3,009,024,196	204.89	69,227,092
2019	33,831,685	1.07	3,161,839,720	210.16	70,709,119

Selected Listing of Large Taxable Properties in the District
2018-2019 Assessment Roll

Name	Type	Assessed Valuation
State of New York	Hospital	$710,190
Long Island Power Authority	Utility	371,017
RG Partners	Commercial	299,300
HD Development of Maryland Inc.	Commercial	185,540
Babylon Senior Housing	Apartments	176,340
Deer Park Commons LLC	Commercial	174,990
Keyspan Gas east Corp	Utility	164,882
Park Plaza Properties	Commercial	139,690
Lucky Star - Deer Park LLC	Industrial	132,870
P.C. Deer Park LLC	Commercial	128,180
Fairfield Golden Avenue LLC	Commercial	107,230
Deer Park LLC	Commercial	104,570
Manor Park Apartments LLC	Apartments	100,950
LI Lighting CO	Utility	96,230
Deer Cross Shopping Assoc	Commercial	87,050
Verizon New York Inc.	Utility	75,820
Executive Square Business Park	Industrial	72,720
	Total [a]	$3,127,569

a. Represents 9.24% of the Assessed Valuation of the District for 2018-2019.
Source: Town Assessment Roll.

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.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES AND SCHOOL DISTRICTS OF THE STATE

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 is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" under "FINANCIAL INFORMATION" herein.)

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

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

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "tax-exempt Premium Note"). In general, under Section 171 of the Code, an owner of a tax-exempt Premium Note must amortize the note premium over the remaining term of the tax-exempt Premium Note, based on the owner's yield over the remaining term of the tax-exempt Premium Note, determined based on constant yield principles (in certain cases involving a tax-exempt 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 tax-exempt 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 tax-exempt Premium Note may realize a taxable gain upon disposition of the tax-exempt 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 tax-exempt Premium Note 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 tax-exempt 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

At the time of the delivery of the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix E.

Compliance History

The following table sets forth the annual filings for each of the five preceding fiscal years.

Fiscal Year Ending June 30:	Financial & Operating Information	Audited Financial Statements
2014	12/01/2014	11/04/2014
2015	12/09/2015	10/20/2015
2016	12/22/2016	10/24/2016
2017	11/16/2017	10/17/2017
2018	12/26/2018[a]	11/05/2018

a. EMMA shows date of 01/10/2019. Original document was uploaded 12/20/2018, as shown on archive page.

RATINGS

The Notes are not rated. S&P Global Ratings ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of "AA/Stable" to the outstanding bonds of the District. 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 affect 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 from the office of Marguerite Jimenez, Assistant Superintendent for Business and Operations, Deer Park Union Free School District, 1881 Deer Park Avenue, Deer Park, NY 11729 telephone number (631) 274-4001, Fax (631) 274-4033, e-mail: jimenez.m@deerparkschools.org or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: www.munistat.com.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions 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 DONNA MARIE ELLIOTT
President of the Board of Education
Deer Park Union Free School District
Deer Park, New York

July , 2019

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	2014	2015	2016	2017	2018
Revenues:					
Real Property Taxes	$ 55,984,552	$ 56,954,410	$ 58,317,365	$ 59,107,959	$ 60,360,525
Other Tax Items	13,944,802	13,661,387	13,498,685	13,187,517	14,014,517
Charges for Services	1,089,378	468,934	968,874	482,720	620,112
Use of Money and Property	291,645	183,455	146,897	139,509	198,291
Sale of Property & Compensation for Loss	5,368	171,186	29,211	121,651	21,420
Miscellaneous	2,327,284	2,604,872	2,485,426	2,979,519	3,128,983
State Sources	25,301,449	25,648,732	26,819,023	26,878,496	27,603,630
Federal Sources	102,893	86,918	156,342	56,528	21,287
Total Revenues	99,047,371	99,779,894	102,421,823	102,953,899	105,968,765
Expenditures:					
General Support	9,322,961	9,705,291	10,051,403	10,003,438	10,293,770
Instruction	55,514,913	56,590,628	58,554,913	60,818,707	60,809,776
Pupil Transportation	3,666,466	3,957,717	4,291,956	4,640,074	4,882,793
Employee Benefits	27,278,741	27,674,430	26,284,113	27,173,025	27,699,597
Debt Service	2,950,499	2,891,092	3,118,714	1,791,307	1,623,932
Total Expenditures	98,733,580	100,819,158	102,301,099	104,426,551	105,309,868
Excess (Deficit) Revenues Over Expenditures	313,791	(1,039,264)	120,724	(1,472,652)	658,897
Other Financing Sources (Uses)					
Interfund Transfers In					
Interfund Transfers Out	(610,371)	(626,996)	(631,650)	(622,608)	(764,420)
Total Other Financing Sources	(610,371)	(626,996)	(631,650)	(622,608)	(764,420)
Net Change In Fund Equity	(296,580)	(1,666,260)	(510,926)	(2,095,260)	(105,523)
Fund Balance Beginning of Fiscal Year	18,164,782	17,868,202	16,201,942	15,691,016	13,595,756
Fund Balance End of Fiscal Year	$ 17,868,202	$ 16,201,942	$ 15,691,016	$ 13,595,756	$ 13,490,233

Sources: Audited Annual Financial Reports of the District
Note: This Schedule is NOT audited.

Balance Sheet - General Fund

Fiscal Year Ended June 30, 2018

ASSETS:		
Cash - Unrestricted	$	9,498,409
Cash - Restricted		5,913,144
Receivables:		
State & Federal Aid Receivable		963,278
Due From Other Funds		2,217,318
Due From Fiduciary Funds		225,880
Due From Other Governments		1,277,369
Other Receivables		252,506
Total Assets	$	20,347,904
LIABILITIES:		
Accounts Payable		1,112,782
Due to Teachers' Retirement System		5,113,103
Due to Employees' Retirement System		386,706
Compensated Absences		236,560
Deferred Revenues		8,520
Total Liabilities		6,857,671
FUND EQUITY:		
Nonspendable		
Restricted	$	5,913,144
Assigned		4,627,081
Unassigned		2,950,008
Total Fund Equity		13,490,233
Total Liabilities and Fund Equity	$	20,347,904

Source: Audited Annual Financial Report of the District.

Note: This Schedule is NOT audited.

Budget Summaries

	2018-19(a)	2019-20(b)
Revenues:		
Real Property Taxes	$ 70,806,838	$ 72,906,035
Payments In Lieu of Taxes	4,095,501	4,418,834
Local Revenues	3,884,980	3,829,981
State Aid	28,930,352	30,455,882
Use of Reserves	691,306	420,000
Appropriation of Fund Balance from Prior Fiscal Year	4,100,000	4,000,000
Total	$ 112,508,977	$ 116,030,732
Expenditures:		
General Support	$ 10,900,376	$ 11,258,384
Instruction	63,155,126	64,887,111
Pupil Transportation	5,095,681	4,776,026
Interfund Transfers	890,000	800,000
Employee Benefits	30,927,875	31,102,055
Debt Service	1,539,919	3,207,156
Total	$ 112,508,977	$ 116,030,732

(a) Approved by the voters of the District on 5/15/18
(b) Approved by the voters of the District on 5/21/19

APPENDIX B

CASH FLOW SUMMARIES

DEER PARK UNION FREE SCHOOL DISTRICT

CASH FLOW ACTUAL 2018-2019 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance[a]	15,401	12,279	28,212	24,666	18,058	10,624	1,820	30,246	27,129	31,693	24,915	25,615	15,401
Receipts													
Property Taxes						768	30,392	2,208	614	912	7,532	20,026	62,451
State Aid		756	3,711	812	144	1,900	144	295	11,937		525	3,671	23,895
STAR Payment							8,355						8,355
Use of Money	7	9	11	13	8	2	8	19	23	20	18	17	155
Library Taxes											17	982	999
In Lieu of Taxes		22	196		11			2,352				2,325	4,906
Other Receipts	389	65	66	504	443	6	458	241	275	308	380	484	3,618
Loans from Other Funds				50			338						388
Medicaid Reimbursement		19	13						53			25	110
Note Proceeds	169	20,212											20,381
Total Receipts	565	21,083	3,997	1,379	606	2,676	39,695	5,115	12,901	1,240	8,471	27,530	125,258
Disbursements													
Salary and Benefits	2,348	2,663	6,594	6,430	6,542	9,119	9,191	6,649	6,698	6,608	6,414	13,902	83,157
Services and Support	589	656	949	1,507	1,461	2,361	1,617	1,583	1,639	1,410	1,357	2,893	18,023
Capital Outlays	750												750
Due Other Funds				50	37								87
Library		1,000											1,000
TAN Repayment												20,000	20,000
Debt Service		831					460					526	1,817
Total Disbursements	3,687	5,150	7,543	7,987	8,040	11,480	11,268	8,232	8,337	8,018	7,771	37,321	124,834
Balance	12,279	28,212	24,666	18,058	10,624	1,820	30,246	27,129	31,693	24,915	25,615	15,824	15,824
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Opening balance includes approximately $5.9 million in restricted reserves.

DEER PARK UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTION 2019-2020 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance[a]	15,824	13,061	26,979	23,766	16,547	8,786	22	28,657	25,000	29,480	22,736	23,588	15,824
Receipts													
Property Taxes						810	30,817	2,741	836	1,176	7,895	20,327	64,601
State Aid		768	4,052	869	147	1,929	147	300	11,843		533	5,949	26,534
STAR Payment							8,305						8,305
Use of Money	1	1	1	1	1	1	2	2	2	2	2	2	19
Library Taxes											18	982	1,000
In Lieu of Taxes								2,209				2,209	4,419
Other Receipts	98	65	272	307	311	288	465	245	319	313	385	367	3,435
Medicaid Reimbursement			13	15					42			25	95
TAN Proceeds		20,000											20,000
Total Receipts	99	20,834	4,339	1,192	458	3,027	39,735	5,496	13,041	1,491	8,833	29,861	128,407
Disbursements													
Salary and Benefits	2,412	2,735	6,772	6,603	6,719	9,366	9,440	6,828	6,879	6,786	6,587	14,132	85,257
Services and Support	451	674	780	1,548	1,501	2,425	1,661	1,626	1,683	1,448	1,394	3,094	18,285
Capital Outlays		500											500
Due to Other Funds		160											160
Library		1,000											1,000
TAN Repayment												20,000	20,000
Debt Service		1,847		260				700				400	3,206
Total Disbursements	2,863	6,916	7,552	8,411	8,219	11,791	11,100	9,153	8,562	8,234	7,981	37,626	128,408
Balance	13,061	26,979	23,766	16,547	8,786	22	28,657	25,000	29,480	22,736	23,588	15,823	15,823
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Opening balance includes approximately $6 million in restricted reserves.

DEER PARK UNION FREE SCHOOL DISTRICT

APPENDIX C

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

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED 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.

DEER PARK UNION FREE SCHOOL DISTRICT
TOWN OF BABYLON, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH THE UNIFORM GUIDANCE
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

TABLE OF CONTENTS

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and fiduciary funds of the Deer Park Union Free School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, on pages 3-14, and 50-55 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The other supplementary information required by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Melville, New York
October 9, 2018

Nawrocki Smith LLP

DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

FINANCIAL HIGHLIGHTS

- The District's investment in capital assets, net of related debt, increased $678,607 due to the District making improvements to its buildings and upgrading their equipment and instructional technology, offset by depreciation changes.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $120,883,272. Of this amount, $5,039,712 was offset by program charges for services, operating grants and capital grants. General revenues of $105,229,992 amount to 95% of total revenues.
- Total governmental fund's assets exceeded liabilities and deferred inflows of resources by $5,152,092 (see pages 17 and 19).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The 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.

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

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

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

District-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position decreased by $10,613,568 from the year before to a net deficit position of $175,548,078, as detailed in Tables A-2 and A-3.

The restricted net position balance of $5,913,144 represents the District's reserves for employee benefit accrued liabilities, unemployment reserve, retirement contributions and workers' compensation. These assets are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2018, the District has an unrestricted net deficit position of $192,862,735. This deficit is driven by the District's required recognition of its obligation to post-employment benefits which currently totals $218,849,518. This obligation will continue to grow into the future (see Note 12 to the accompanying financial statements) resulting in a greater unrestricted net deficit.

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

	(As Restated) 6/30/2017	6/30/2018	$ Change	% Change
Current and other assets	$ 25,928,933	$ 27,489,522	$ 1,560,589	6.0
Capital assets, net	20,100,700	27,644,410	7,543,710	37.5
Total assets	$ 46,029,633	$ 55,133,932	$ 9,104,299	19.8
Deferred outflows of resources	$ 34,265,458	$ 34,097,338	$ (168,120)	(0.5)
Current liabilities	$ 14,528,759	$ 22,934,805	$ 8,406,046	57.9
Noncurrent liabilities	(39,654,627)	231,585,217	271,239,844	(684.0)
Total liabilities	$ (25,125,868)	$ 254,520,022	$ 279,645,890	(1,113.0)
Deferred inflows of resources	$ 1,911,867	$ 10,259,326	$ 8,347,459	436.6
Net position:				
Net investment in capital assets	$ 10,722,906	$ 11,401,513	$ 678,607	6.3
Restricted	6,512,608	5,913,144	(599,464)	(9.2)
Unrestricted (deficit)	(182,170,024)	(192,862,735)	(10,692,711)	(5.9)
Total net position	$ (164,934,510)	$ (175,548,078)	$ (10,613,568)	(6.4)

Changes in Net Position

The District's fiscal year 2018 revenues totaled $110,269,704 (See Table A-3). Property taxes, other tax items and State sources accounted for most of the District's revenue by contributing 55 cents, 13 cents and 25 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, capital grants and other miscellaneous sources.

- Charges for services increased by 11.5%, or $127,459 as the enrollment of out of district students increased from fiscal 2017.
- Revenues from sale of property and compensation for loss decreased by 82.4% due to prior year recoveries received from the District's workers' compensation claims.
- Real property tax revenue increased $1,252,566 as a result of a budgeted increase in the levy for fiscal 2017-18.

The District's fiscal year 2018 expenses totaled $120,883,272 (See Table A-3) on the full accrual basis of accounting. These expenses (86%) are predominantly related to instruction and caring for and transporting students (See Table A-6). The District's general support accounted for 12% of total costs.

- Debt service-interest expense increased by 50.9% due to the District issuing a bond anticipation note during the fiscal year.

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

	6/30/2017	6/30/2018	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$ 1,111,715	$ 1,239,174	$ 127,459	11.5
Operating grants	3,581,688	3,711,916	130,228	3.6
Capital grants	-	88,622	88,622	(100.0)
General revenues:				
Real property taxes	59,107,959	60,360,525	1,252,566	2.1
Other tax items	13,187,517	14,014,517	827,000	6.3
Use of money and property	144,121	206,249	62,128	43.1
Sale of property and compensation for loss	121,651	21,420	(100,231)	(82.4)
State sources	26,878,496	27,603,630	725,134	2.7
Federal sources - Medicaid	56,528	21,287	(35,241)	(62.3)
Miscellaneous	2,755,004	3,002,364	247,360	9.0
Total revenues	106,944,679	110,269,704	3,325,025	3.1
Expenses				
General support	14,034,920	14,571,032	536,112	3.8
Instruction	97,505,326	97,473,262	(32,064)	(0.0)
Pupil transportation	6,148,666	6,685,374	536,708	8.7
Debt service - interest	507,032	765,056	258,024	50.9
School lunch program	1,303,121	1,388,548	85,427	6.6
Total expenses	119,499,065	120,883,272	1,384,207	1.2
Decrease in net position	(12,554,386)	(10,613,568)	1,940,818	15.5
Net position (deficit), beginning of year	(18,158,323)	(164,934,510)	(146,776,187)	808.3
Prior period adjustment, see Note 16	(134,221,801)	-	134,221,801	(100.0)
Net position (deficit), end of year	$ (164,934,510)	$ (175,548,078)	$ (10,613,568)	6.4

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

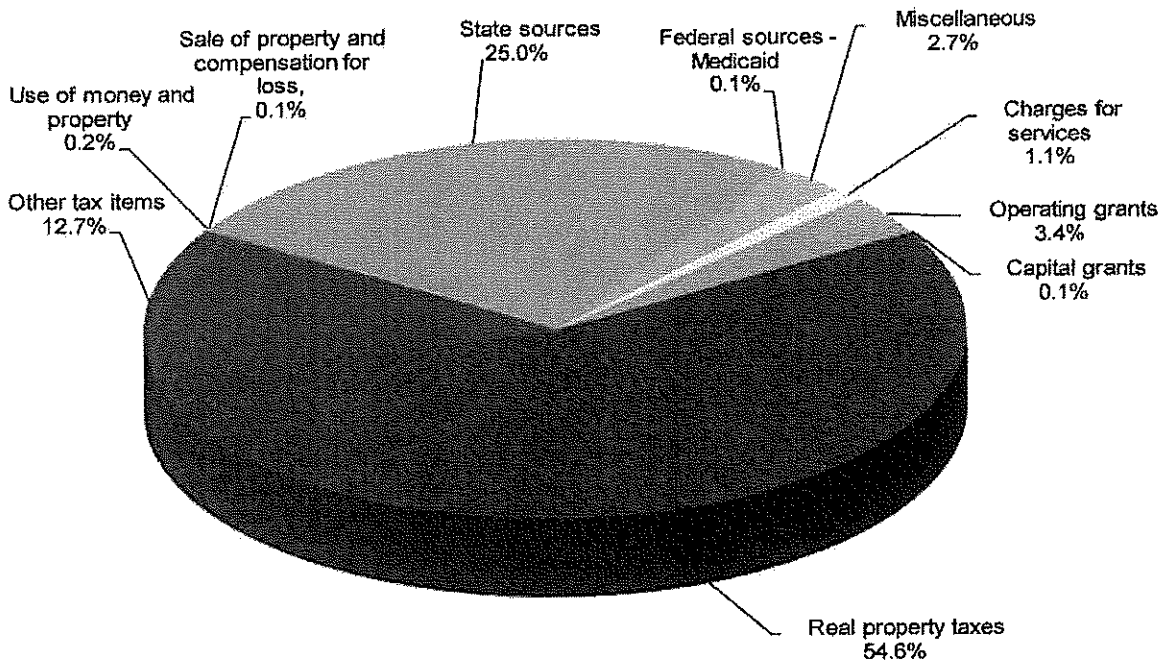


Table A-5: Sources of Revenues for Fiscal Year 2017

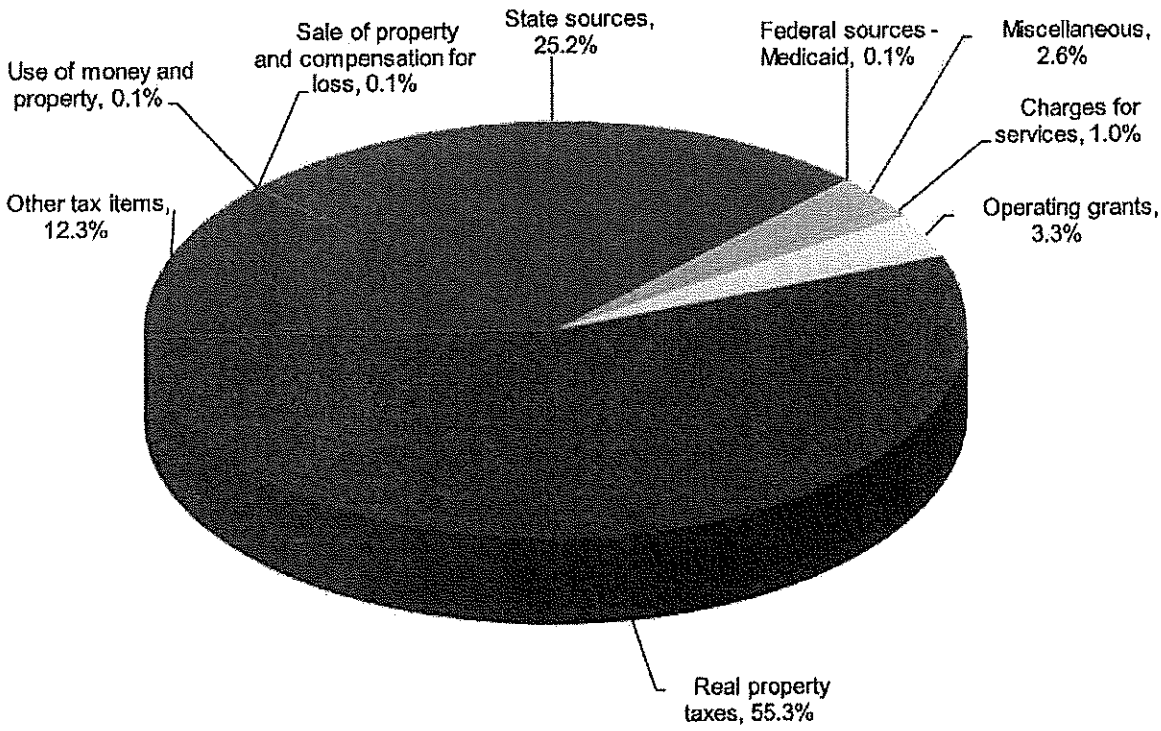


Table A-6: Expenses for Fiscal Year 2018

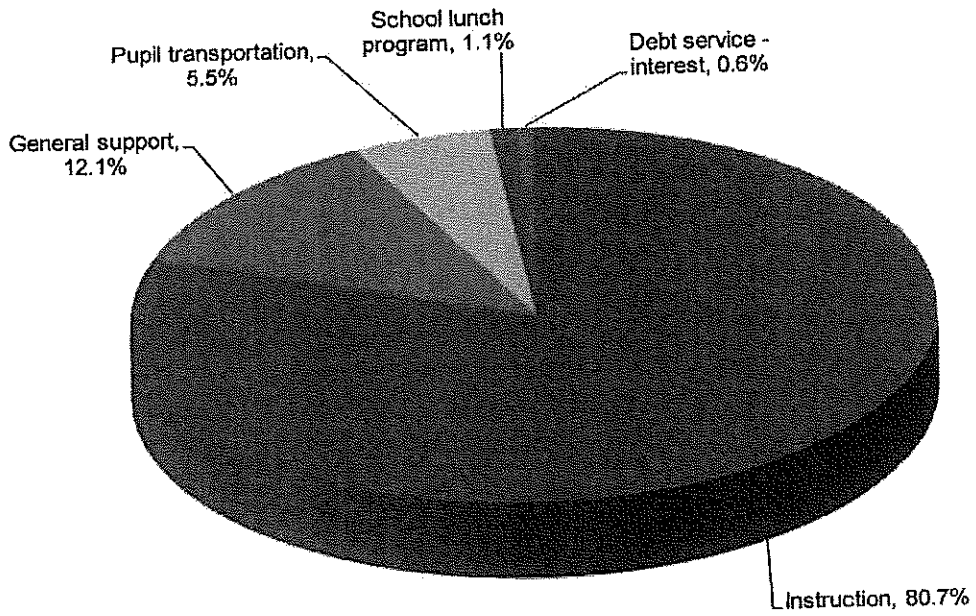
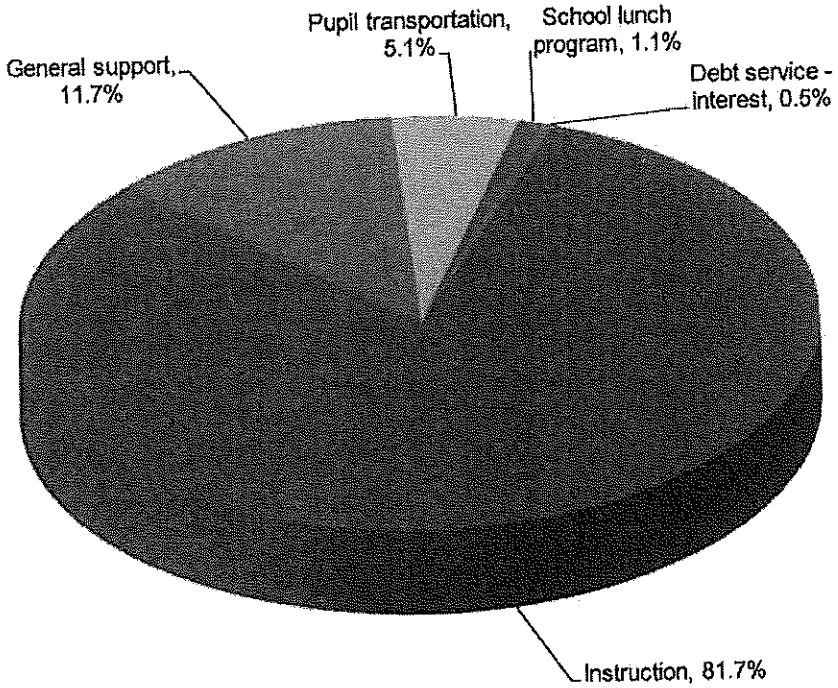


Table A-7: Expenses for Fiscal Year 2017



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2018, the District's governmental funds reported a combined fund balance of $5,152,092 which is a decrease of $7,992,806 from June 30, 2017. Overall the decrease is generated by the Capital Projects Fund.

General Fund

The General Fund reported a decrease in fund balance of $105,523 for fiscal 2018, as compared to a decrease in fund balance of $2,095,260 for fiscal 2017. Revenues increased $3,014,866 mainly as a result of an increase in the budgeted property tax levy, and an increase in the amount of miscellaneous revenue. Expenditures increased $883,317 due to increases in the general support and pupil transportation expense categories. Other financing uses was $764,420 which is consistent with the prior year.

Costs for employee benefits increased as a result of increased premiums to the District. Debt service principal costs decreased as the District extinguished its bond payable during the last fiscal year.

Special Aid Fund

Increases in federal and state grant funding caused an increase in revenue in the Special Aid Fund. Revenues increased $137,963. The Special Aid Fund accounts only for programs that are paid for on a reimbursement basis, where revenues and expenditures match and the fund does not generate any equity. Therefore, the increase in expenditures is consistent with the increase in revenues. The General Fund transferred $264,420 to the Special Aid Fund as the required amount to be subsidized for summer school handicap programs. The remaining costs of that program are paid by State aid and are a receivable of the District.

School Lunch Fund

The School Lunch Fund reported an increase in fund balance of $65,585 for fiscal 2018, this is consistent with fiscal 2017. Expenses related to food service operations increased $85,429 as a result of equipment purchases.

Capital Projects Fund

The District spent $8,549,448 on necessary District-wide improvements in fiscal 2017-18. The General Fund transferred $500,000 to the fund to subsidize those improvements, and the District issued $12,700,000 in bond anticipation notes. The District expects to convert those notes to permanent financing in the upcoming years. As a result of the short-term financing, the Capital Projects Fund fund balance ended in a deficit position of $9,655,712.

Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	6/30/2017	6/30/2018	$ Change	% Change
General Fund				
Restricted:				
Employee Benefit Accrued Liability	$ 3,884,853	$ 3,458,227	$ (426,626)	(11.0)
Unemployment Insurance	965,332	935,372	(29,960)	(3.1)
Retirement Contributions	527,188	480,644	(46,544)	(8.8)
Workers' Compensation	1,135,235	1,038,901	(96,334)	(8.5)
Assigned:				
Appropriated for subsequent year's expenditures	4,125,000	4,100,000	(25,000)	(0.6)
Encumbrances	539,334	527,081	(12,253)	(2.3)
Unassigned	2,418,814	2,950,008	531,194	22.0
Total General Fund	13,595,756	13,490,233	(105,523)	(0.8)
School Lunch Fund				
Nonspendable:				
Inventory	34,392	21,041	(13,351)	(38.8)
Assigned:				
Food service operations	1,081,117	1,277,067	195,950	18.1
Encumbrances	136,477	19,463	(117,014)	(85.7)
Total School Lunch Fund	1,251,986	1,317,571	65,585	5.2
Capital Projects Fund				
Unassigned	(1,702,844)	(9,655,712)	(7,952,868)	467.0
Total Capital Projects Fund	(1,702,844)	(9,655,712)	(7,952,868)	467.0
	$ 13,144,898	$ 5,152,092	$ (7,992,806)	(60.8)

General Fund Budgetary Highlights

Reference is made to page 50, which presents adopted and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were $1,555,767 more than planned primarily due to more receipts for other tax items received, due to variations in the District PILOT payments. Real property tax receipts were consistent with the amount budgeted.

- Actual expenditures were $3,102,553 million less than budget primarily due to lower than anticipated costs in all categories.

- Overall the District planned a use of reserves and fund balance of approximately $5.3 million, including encumbrances that carried over. The District only used $632,604 in fund balance (including current year encumbrances), therefore performing approximately $4.7 million better than anticipated overall.

At June 30, 2018, the District's unassigned fund balance was $2,950,008, which was within the allowable 4% of the subsequent year's budget ($112,508,977) as promulgated by New York State (see page 57). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2018:

Unassigned fund balance, beginning of year	$ 2,418,814
Add:	
Prior-year appropriated fund balance	4,125,000
Prior-year encumbrances	539,334
Board approved use of Employee Benefit Accrued Liability Reserve	450,000
Board approved use of Unemployment Insurance Reserve	30,000
Board approved use of Retirement Contribution Reserve	50,000
Board approved use of Workers' Compensation Reserve	96,590
Less:	
Net change in fund balance	(105,523)
Current-year appropriated fund balance	(4,100,000)
Interest allocated to Employee Benefit Accrued Liability Reserve	(23,374)
Interest allocated to Unemployment Insurance Reserve	(40)
Interest allocated to Retirement Contribution Reserve	(3,456)
Interest allocated to Workers' Compensation Reserve	(256)
Current-year encumbrances	(527,081)
Unassigned fund balance, end of year	$ 2,950,008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested $27,644,410 net of depreciation (Table A-9), in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices.

The District's construction-in-progress increased $8,455,425 for the improvements being made to District-wide buildings. No additions were recorded for land improvements and depreciation exceeded additions for buildings and building improvements and furniture and equipment.

Table A-9: Capital Assets (net of depreciation)	6/30/2017	6/30/2018	$ Change	% Change
Land	$ 276,650	$ 276,650	$ -	0.0
Construction-in-progress	4,837,361	13,292,786	8,455,425	174.8
Land improvements	231,410	178,378	(53,032)	(22.9)
Buildings and building improvements	11,900,282	11,115,441	(784,841)	(6.6)
Furniture and equipment	2,854,997	2,781,155	(73,842)	(2.6)
Totals	$ 20,100,700	$ 27,644,410	$ 7,543,710	37.5

Long-Term Liabilities

At year-end, the District had $233,063,277 in installment purchase debt and other long-term liabilities. In August 2017, the District issued $19,000,000 in tax anticipation notes and $12,700,000 in additional bond anticipation notes. The proceeds of the bond anticipation notes are to be used to pay the August 2016 bond anticipation notes, and for continuation of the District's current approved capital projects. Including the issuance of the bond anticipation note, the District has utilized 4.12% of their debt limit. Pursuant to local finance law the District is not allowed to contract indebtedness in excess of 10% of the average full valuation.

Table A-10: Outstanding Long-Term Liabilities	(As Restated) 6/30/2017	6/30/2018	$ Change	% Change
Installment purchase debt payable	$ 7,734,243	$ 6,786,045	$ (948,198)	(12.3)
Workers' compensation claims payable	2,011,435	1,843,962	(167,473)	(8.3)
Other post-employment benefits	208,605,708	218,849,518	10,243,810	4.9
Compensated absences	5,726,012	5,583,752	(142,260)	(2.5)
Totals	$ 224,077,398	$ 233,063,277	$ 8,985,879	4.0

FACTORS BEARING ON THE FUTURE OF DISTRICT

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

- The use of reserves to assist in balancing the budget each year will be more difficult because of the inability to fund them to the extent the District was able to in the past. The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the Law is expected to make budgetary decision more difficult.

- The General Fund budget for the 2018-2019 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs,

workers' compensation judgments, and potential unemployment insurance claims, which are beyond the District's control.

- The District's sale of the former school property located at 220 Washington Avenue has been approved by the voters on May 20, 2014 for a price no less than $5,000,000. As of the date of this report, sale is still pending. Upon the completion of this sale, the proceeds will be placed in a restricted reserve, used to offset future budgetary requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Deer Park Union Free School District
District Offices
Attn: Assistant Superintendent of Business
1881 Deer Park Avenue
Deer Park, NY 11729
(631) 274-4020

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Unrestricted cash	$	10,822,403
Receivables:		
State and federal aid		3,003,995
Due from fiduciary funds		225,880
Due from other governments		1,277,369
Other		252,506
Inventories		21,041
Restricted cash		9,578,253
Proportionate share of net pension asset		2,308,075
Capital assets:		
Non-depreciable		13,569,436
Depreciable, net		14,074,974
Total assets		55,133,932
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions		34,097,338
Total deferred outflows of resources		34,097,338
LIABILITIES		
Accounts payable		1,182,360
Accrued interest payable		338,895
Due to other governments		790
Due to fiduciary funds		305,968
Due to teachers' retirement system		5,113,103
Due to employees' retirement system		386,706
Compensated absences		236,560
Bond anticipation notes		12,700,000
Retainage		120,790
Long-term liabilities, due within one year:		
Installment purchase debt payable		705,671
Workers' compensation claims payable		1,843,962
Long-term liabilities, due after one year:		
Installment purchase debt payable		6,080,374
Compensated absences		5,583,752
Proportionate share of net pension liability		1,071,573
Total OPEB liability		218,849,518
Total liabilities		254,520,022
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions		9,955,634
Deferred inflows from OPEB		199,824
Deferred inflows from grants received in advance		103,868
Total deferred inflows of resources		10,259,326
NET POSITION		
Net investment in capital assets		11,401,513
Restricted:		
Retirement contributions		480,644
Workers' Compensation		1,038,901
Unemployment Insurance		935,372
Employee Benefit Accrued Liability		3,458,227
Unrestricted (deficit)		(192,862,735)
Total net position (deficit)	$	(175,548,078)

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

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:					
General support	$ 14,571,032	$ 76,103	$ 353,059	$ -	$ (14,141,870)
Instruction	97,473,262	509,092	2,361,798	-	(94,602,372)
Pupil transportation	6,685,374	34,917	161,988	88,622	(6,399,847)
Debt service - interest	765,056	-	-	-	(765,056)
School lunch program	1,388,548	619,062	835,071	-	65,585
Total functions and programs	$ 120,883,272	$ 1,239,174	$ 3,711,916	$ 88,622	(115,843,560)
General revenues:					
Real property taxes					60,360,525
Other tax items					14,014,517
Use of money and property					206,249
Sale of property and compensation for loss					21,420
State sources					27,603,630
Federal sources - medicaid assistance					21,287
Miscellaneous					3,002,364
Total general revenues					105,229,992
Change in net position					(10,613,568)
Total net position, beginning of year, as restated (see Note 16)					(164,934,510)
Total net position, end of year					$ (175,548,078)

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

DEER PARK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Revenue Funds: Special Aid	Special Revenue Funds: School Lunch	Capital Projects	Total Governmental Funds
ASSETS					
Unrestricted cash	$ 9,498,409	$ -	$ 1,323,994	$ -	$ 10,822,403
Receivables:					
State and federal aid	963,278	1,994,078	46,639	-	3,003,995
Due from other funds	2,217,318	-	-	-	2,217,318
Due from fiduciary funds	225,880	-	-	-	225,880
Due from other governments	1,277,369	-	-	-	1,277,369
Other	252,506	-	-	-	252,506
Inventories	-	-	21,041	-	21,041
Restricted cash	5,913,144	421,961	-	3,243,148	9,578,253
Total assets	$ 20,347,904	$ 2,416,039	$ 1,391,674	$ 3,243,148	$ 27,398,765
LIABILITIES					
Payables:					
Accounts payable	$ 1,112,782	$ -	$ 69,578	$ -	$ 1,182,360
Due to other governments	-	-	790	-	790
Due to other funds	-	2,014,723	3,735	198,860	2,217,318
Due to fiduciary funds	-	305,968	-	-	305,968
Due to teachers' retirement system	5,113,103	-	-	-	5,113,103
Due to employees' retirement system	386,706	-	-	-	386,706
Compensated absences	236,560	-	-	-	236,560
Bond anticipation notes	-	-	-	12,700,000	12,700,000
Total liabilities	6,849,151	2,320,691	74,103	12,898,860	22,142,805
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	8,520	95,348	-	-	103,868
Total deferred inflows of resources	8,520	95,348	-	-	103,868
Total liabilities and deferred inflows of resources	6,857,671	2,416,039	74,103	12,898,860	22,246,673
FUND BALANCE					
Fund balance:					
Nonspendable	-	-	21,041	-	21,041
Restricted	5,913,144	-	-	-	5,913,144
Assigned	4,627,081	-	1,296,530	-	5,923,611
Unassigned	2,950,008	-	-	(9,655,712)	(6,705,704)
Total fund balance	13,490,233	-	1,317,571	(9,655,712)	5,152,092
Total liabilities, deferred inflows of resources and fund balance	$ 20,347,904	$ 2,416,039	$ 1,391,674	$ 3,243,148	$ 27,398,765

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

DEER PARK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		$ 5,152,092
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	$ 13,569,436	
Depreciable	77,791,405	
Accumulated depreciation	(63,716,431)	27,644,410
Proportionate share of long-term asset and liability, and deferred outflows of resources and inflows of resources associated with participation in the State retirement systems are not current financial resources or obligation and are not reported in the funds:		
Deferred outflows of resources - pension related	34,097,338	
Proportionate share of net pension asset	2,308,075	
Proportionate share of net pension liability	(1,071,573)	
Deferred inflows of resources - pension related	(9,955,634)	25,378,206
Amounts reported as deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the funds.		(199,824)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Retainage payable	(120,790)	
Installment purchase debt payable	(6,786,045)	
Workers' compensation claims payable	(1,843,962)	
Total OPEB liability	(218,849,518)	
Compensated absences	(5,583,752)	(233,184,067)
Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		(338,895)
Net Position - Governmental Activities		$ (175,548,078)

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

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Revenue Funds: Special Aid	Special Revenue Funds: School Lunch	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	$ 60,360,525	$ -	$ -	$ -	$ 60,360,525
Other tax items	14,014,517	-	-	-	14,014,517
Charges for services	620,112	-	-	-	620,112
Use of money and property	198,291	-	50,262	7,958	256,511
Sale of property and compensation for loss	21,420	-	-	-	21,420
State sources	27,603,630	1,376,634	32,639	88,622	29,101,525
Federal sources	21,287	1,500,211	802,432	-	2,323,930
Sales	-	-	568,800	-	568,800
Miscellaneous	3,128,983	30,324	-	-	3,159,307
Total revenues	105,968,765	2,907,169	1,454,133	96,580	110,426,647
EXPENDITURES					
Current:					
General support	10,293,770	-	-	-	10,293,770
Instruction	60,809,776	2,887,020	-	-	63,696,796
Pupil transportation	4,882,793	284,569	-	-	5,167,362
Employee benefits	27,699,597	-	-	-	27,699,597
Cost of sales	-	-	1,388,548	-	1,388,548
Capital outlay	-	-	-	8,549,448	8,549,448
Debt service:					
Principal	948,198	-	-	-	948,198
Interest	675,734	-	-	-	675,734
Total expenditures	105,309,868	3,171,589	1,388,548	8,549,448	118,419,453
Excess (deficiency) of revenues over (under) expenditures	658,897	(264,420)	65,585	(8,452,868)	(7,992,806)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	264,420	-	500,000	764,420
Transfers out	(764,420)	-	-	-	(764,420)
Total other financing sources (uses)	(764,420)	264,420	-	500,000	-
Change in fund balance	(105,523)	-	65,585	(7,952,868)	(7,992,806)
Fund balance, beginning of year	13,595,756	-	1,251,986	(1,702,844)	13,144,898
Fund balance, end of year	$ 13,490,233	$ -	$ 1,317,571	$ (9,655,712)	$ 5,152,092

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

DEER PARK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balance - Governmental Funds		$ (7,992,806)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:		
Capital outlay	$ 9,258,215	
Depreciation expense	(1,333,658)	
Retirement of partially depreciated capital assets	(380,847)	7,543,710
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Repayment of installment purchase debt payable		948,198
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Premium on obligations	(156,943)	
Total OPEB liability	(10,243,810)	
Workers' compensation claims payable	167,473	
Compensated absences	142,260	
Retainage payable	(56,768)	
Amortization of bond premiums	156,943	
Accrued interest costs	(246,265)	(10,237,110)
Changes in the amount of total OPEB liability deferred inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues in the governmental funds.		(199,824)
Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	(707,720)	
Employees' Retirement System	31,984	(675,736)
Net Change in Net Position - Governmental Activities		$ (10,613,568)

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

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Scholarship Trusts	Agency Funds
ASSETS		
Cash:		
Unrestricted	$ -	$ 235,796
Restricted	4,955	139,496
Due from governmental funds	-	305,968
Total assets	$ 4,955	$ 681,260
LIABILITIES		
Due to governmental funds	$ -	$ 225,880
Extraclassroom activity balances	-	139,496
Other liabilities	-	315,884
Total liabilities	-	$ 681,260
NET POSITION		
Restricted:		
Endowment scholarships	4,955	
Total net position	4,955	
Total liabilities and net position	$ 4,955	

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

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Scholarship Trusts
ADDITIONS	
Contributions	$ 2,460
Investment earnings:	
Interest	6
Total additions	2,466
DEDUCTIONS	
Scholarships and awards	2,700
Total deductions	2,700
Change in net position	(234)
Net position, beginning of year	5,189
Net position, end of year	$ 4,955

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

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

The reporting entity of the District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria the District has determined that there are no component units to be included within their reporting entity.

B. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

C. Joint venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the

New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

During the year, the District was billed $7,128,243 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,411,409.

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

D. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund financial statements

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

The District reports the following major governmental funds:

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

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

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

School Lunch Fund: Use to account for child nutrition or other activities whose funds are restricted as to use. Revenue sources include State and federal aid, and user charges for food service.

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

The District reports the following fiduciary funds:

Fiduciary Funds

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

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

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

E. Measurement focus and basis of accounting

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

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

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

within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

F. Property taxes

Real property taxes are levied annually by the Board of Education in October, and become a lien on December 1st. Taxes are collected during the period from December 1st to June 30th.

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

G. 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.

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

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

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

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources,

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

J. Cash and cash equivalents

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

K. Accounts receivable

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

L. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.
A portion of the fund balance (nonspendable) in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

M. Other assets/restricted assets

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

Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred on both the District-wide and fund financial statements. On the District-wide financial statements, prepaid insurance costs

should be reported as an asset and recognized as an expense in a systematic rational manner over the duration of the related debt.

N. Capital assets

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

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 financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and building improvements	$ 50,000	Straight line	20-40 years
Land improvements	$ 25,000	Straight line	20 years
Furniture and equipment	$ 5,000	Straight line	5-20 years

O. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items that qualify for reporting in this category are the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included could be the District contributions to the pension systems (New York State Employees' Retirement System ("NYSERS") and New York State Teachers' Retirement System ("NYSTRS")) subsequent to the measurement date.

P. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has various items that qualify for reporting in this category. This may arise under the modified accrual basis of accounting and may be reported as unavailable revenue – property taxes. This may also arise when reporting on pensions in the District-wide Statement of Net Position which represents the effect of the net change in the District's proportion of the collective net pension asset/liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Deferred inflows of resources may be recognized when bonds are refunded prior to their maturity dates.

Q. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet, which arises when resources are received by the District before it has legal claim

to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested employee benefits - compensated absences

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

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

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the 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 is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

S. Other benefits

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

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

T. Short-term debt

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

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

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

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

As of June 30, 2018, the District has an outstanding BAN of $12.7 million maturing on August 10, 2018. See Note 8 for more information regarding short-term debt.

U. Accrued liabilities and long-term obligations

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

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

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. Net position and fund balance

District-wide financial statements

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

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

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

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

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $21,041.

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

   Employee Benefit Accrued Liability

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

   Unemployment Insurance

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

   Retirement Contributions

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

Workers' Compensation

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

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance. The District has no committed fund balances as of June 30, 2018.

4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization. The intent can be expressed by the Board or through the Board delegating this responsibility to the District administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balances.

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

	General	School Lunch	Capital Projects	Total Governmental Funds
Nonspendable:				
Inventory	$ -	$ 21,041	$ -	$ 21,041
Total nonspendable	-	21,041	-	21,041
Restricted:				
Employee Benefit Accrued Liability	3,458,227	-	-	3,458,227
Unemployment Insurance	935,372	-	-	935,372
Retirement Contributions	480,644	-	-	480,644
Workers' Compensation	1,038,901	-	-	1,038,901
Total restricted	5,913,144	-	-	5,913,144
Assigned:				
Appropriated for subsequent year's expenditures	4,100,000	-	-	4,100,000
Encumbrances	527,081	19,463	-	546,544
Food Service Operations	-	1,277,067	-	1,277,067
Total assigned	4,627,081	1,296,530	-	5,923,611
Unassigned	2,950,008	-	(9,655,712)	(6,705,704)
Total	$ 13,490,233	$ 1,317,571	$ (9,655,712)	$ 5,152,092

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

Order of use of fund balance

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

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND 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 District-wide financial statements, compared with the current financial resources focus of the governmental funds.

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

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

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

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

1. Long-term revenue/expense differences

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

2. Capital related differences

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

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

4. Pension differences

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

5. OPEB differences

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

3. NEW ACCOUNTING STANDARDS

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this statement had no impact on the fund financial statements. The statement requires districts to report Other Postemployment Benefits ("OPEB") liabilities, OPEB expenses,

deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation resulted in a restatement of the District's beginning net position balance as required by the statement. See Note 16 for financial statement impact of the implementation of this statement.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

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

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 the 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.

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. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Open encumbrances at fiscal year-end are included in restricted or assigned fund balance, as appropriate. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's School Lunch Fund fund balance subject to Federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

Fund balances (deficit)

Capital Projects Fund – the deficit in unassigned fund balance was $9,655,712 as of June 30, 2018. This deficit resulted from the District issuing short-term financing. The District will eliminate this deficiency in the coming years with the issuance of permanent financing and grants.

5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISK

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

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, in the District's name	$ 22,607,633
Collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name	$ -

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $9,578,253 in the governmental funds and $144,451 in the fiduciary funds.

6. RECEIVABLES

A. State and federal aid receivables

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

General Fund:	
New York State aid - excess cost aid	$ 963,278
Special Aid Fund:	
State and Federal grants	1,994,078
School Lunch Fund:	
School breakfast and lunch reimbursement	46,639
	$ 3,003,995

B. Due from other governments

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

General Fund:	
BOCES aid	$ 695,369
Foster tuition	582,000
	$ 1,277,369

C. Other receivables

Other receivables at June 30, 2018, consisted of the following:

General Fund:	
Various receivables	$ 252,506

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 276,650	$ -	$ -	$ 276,650
Construction-in-progress	4,837,361	8,455,425	-	13,292,786
Total nondepreciable assets	5,114,011	8,455,425	-	13,569,436
Capital assets that are depreciated:				
Land improvements	2,185,624	-	(8,019)	2,177,605
Buildings and building improvements	65,319,124	-	(1,412)	65,317,712
Furniture and equipment	10,145,660	802,790	(652,362)	10,296,088
Total depreciable assets	77,650,408	802,790	(661,793)	77,791,405
Less accumulated depreciation:				
Land improvements	1,954,214	53,032	(8,019)	1,999,227
Buildings and building improvements	53,418,842	784,502	(1,073)	54,202,271
Furniture and equipment	7,290,663	496,124	(271,854)	7,514,933
Total accumulated depreciation	62,663,719	1,333,658	(280,946)	63,716,431
Total capital assets, net	$ 20,100,700	$ 7,924,557	$ (380,847)	$ 27,644,410

Depreciation expense was charged to governmental functions as follows:

General support	$ 135,787
Instruction	1,133,016
Pupil transportation	64,855
	$ 1,333,658

8. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN matured on 8/11/17 at 2.00%	$ 4,700,000	$ -	$ 4,700,000	$ -
TAN matured on 6/27/18 at 2.00%	-	19,000,000	19,000,000	-
BAN maturing on 8/10/18 at 2.25%	-	12,700,000	-	12,700,000
	$ 4,700,000	$ 31,700,000	$ 23,700,000	$ 12,700,000

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

Interest paid	$ 436,000
Plus interest accrued in the current year	257,175
Less: amortization of premium	(156,943)
Interest expense	$ 536,232

9. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Installment purchase debt payable	$ 7,734,243	$ -	$ 948,198	$ 6,786,045	$ 705,671
Workers' compensation claims payable	2,011,435	740,305	907,778	1,843,962	1,843,962
Other post-employment benefits	208,605,708	14,789,958	4,546,148	218,849,518	-
Compensated absences	5,726,012	-	142,260	5,583,752	-
Total long-term liabilities	$ 224,077,398	$ 15,530,263	$ 6,544,384	$ 233,063,277	$ 2,549,633

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

The following is a summary of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/18
Installment purchase debt	04/19/11	08/15/26	3.24%	$ 6,786,045

The following is a summary of maturing debt service requirements:

Year Ended June 30,	Principal	Interest	Total
2019	$ 705,671	$ 213,887	$ 919,558
2020	728,686	190,872	919,558
2021	752,452	167,106	919,558
2022	776,993	142,565	919,558
2023	802,334	117,224	919,558
2024-2027	3,019,909	198,541	3,218,450
	$ 6,786,045	$ 1,030,195	$ 7,816,240

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

Interest paid	$ 239,734
Less interest accrued in the prior year	(92,630)
Plus interest accrued in the current year	81,720
Interest expense	$ 228,824

10. PENSION OBLIGATIONS

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System 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 net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS 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 NYSTRS. Once a public employer elects to participate in NYSTRS, 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 NYSTRS, 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 NYSTRS Comprehensive Annual Financial Report which can be found on the NYSTRS website at www.nystrs.org.

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller 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. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were as follows:

	NYSTRS		NYSERS	
Year	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll
2018	$ 5,639,636	11.27%	$ 1,433,075	13.89%
2017	6,273,981	11.72%	1,455,487	14.85%
2016	7,966,456	13.26%	1,672,541	17.47%

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

The net pension liability was measured as of March 31, 2018 for NYSERS and June 30, 2017 for NYSTRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 NYSERS and NYSTRS Systems in reports issued to the District.

At June 30, 2018, the District reported the following for its proportionate share of the net pension liability / (asset) for each of the Systems:

	NYSERS	NYSTRS
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension liability/(asset)	$ 1,071,573	$ (2,308,075)
District's portion of the Plans' total net position liability/(asset)	0.0332019%	0.3036540%

For the year ended June 30, 2018, the District recognized pension expense of $1,401,091 for NYSERS and pension expense of $5,821,202 for NYSTRS. At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Inflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	$ 382,195	$ 315,832	$ 1,898,978	$ 899,892
Changes of assumptions	710,541	-	23,485,107	-
Net difference between projected and actual earnings on pension plan investments	1,556,375	3,072,128	-	5,436,183
Changes in proportion and differences between the District's contributions and proportionate share of contributions	280,236	26,241	284,097	205,358
Employer contributions made subsequent to the measurement date	386,706	-	5,113,103	-
Total	$ 3,316,053	$ 3,414,201	$ 30,781,285	$ 6,541,433

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

	NYSERS	NYSTRS
For the year ended:		
2019	$ 335,006	$ 552,543
2020	253,772	6,231,868
2021	(735,761)	4,464,864
2022	(337,871)	1,122,254
2023	-	4,451,928
Thereafter	-	2,303,292

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.

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

For NYSERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system's experience with adjustments for mortality improvements based on MP-2014. For NYSTRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 system's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For NYSERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For NYSTRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

Discount rate

The discount rate used to calculate the total pension liability was 7.0% for NYSERS and 7.25% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension 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 liability calculated using the discount rate of 7.0% for NYSERS and 7.25% for NYSTRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% for NYSERS and 6.25% for NYSTRS) or 1-percentage point higher (8.0% for NYSERS and 8.25% for NYSTRS) than the current rate:

NYSERS	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	$ 8,107,809	$ 1,071,573	$ (4,880,802)

NYSTRS	1% Decrease (6.25%)	Current assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability (asset)	$ 39,761,288	$ (2,308,075)	$ (37,539,077)

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	NYSERS	NYSTRS	Total
Valuation date	April 1, 2017	June 30, 2016	
Employers' total pension liability	$ 183,400,590	$ 114,708,261	$ 298,108,851
Plan net position	180,173,145	115,468,360	295,641,505
Employers' net pension asset/(liability)	$ (3,227,445)	$ 760,099	$ (2,467,346)
Ratio of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%	99.17%

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $386,706.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November of the following year, through a State aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions as of June 30, 2018 amounted to $5,113,103.

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 2,443,198	$ -	$ -	$ 764,420
Special Aid Fund	-	2,320,691	264,420	-
School Lunch Fund	-	3,735	-	-
Capital Projects Fund	-	198,860	500,000	-
Fiduciary Funds	305,968	225,880	-	-
Totals	$ 2,749,166	$ 2,749,166	$ 764,420	$ 764,420

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. Amounts owed to the General Fund represent borrowings to pay for expenditures incurred in the Special Aid Fund. Special Aid Fund revenues are mostly reimbursement-type grants. The Capital Projects Fund owes interest and bond premiums to the General Fund to offset future debt service.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. Interfund transfers from the General Fund to the Capital Projects Fund are part of the voter approved budget. Interfund transfers from the General Fund to the Special Aid Fund are for the District's portion of summer school special education programs.

12. OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

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

Benefits provided

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

Employees covered by benefit terms

As of July 1, 2017, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	389
Active plan members	524
Total plan members	913

B. Total OPEB liability

The District's total OPEB liability of $218,849,518 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	3.00% average, including inflation
Discount rate	3.00%
Healthcare cost trend rates	7.5% for 2017, decreasing 0.5% per year to an ultimate rate of 4.5% in 2023
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

The discount rate was based on the July 1, 2018 S&P Municipal Bond 20 Year High Grade Rate Index.

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

C. Changes in the total OPEB liability

Balance as of June 30, 2017	$ 208,605,708
Changes for the year -	
Service cost	8,570,723
Interest	6,447,605
Differences between expected and actual experience	(228,370)
Benefit payments	(4,546,148)
Net changes	10,243,810
Balance as of June 30, 2018	$ 218,849,518

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current discount rate:

	1% Decrease (2.00%)	Current assumption (3.00%)	1% Increase (4.00%)
Total OPEB liability as of June 30, 2018	$ 259,656,355	$ 218,849,518	$ 186,436,122

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate:

	1% Decrease (6.50% decreasing to 3.50%)	Current assumption (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability as of June 30, 2018	$ 179,470,487	$ 218,849,518	$ 271,017,846

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

For the year ended June 30, 2018, the District recognized OPEB expense of $14,789,958. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from differences between expected and actual experience of $199,824.

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

	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	$ 199,824

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

For the year ended:	
2019	$ (28,546)
2020	(28,546)
2021	(28,546)
2022	(28,546)
2023	(28,546)
Thereafter	(57,094)

13. RISK MANAGEMENT

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

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

The District participates in the Suffolk County Schools Cooperative Self-Insurance Plan, a risk-retained pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is $1,843,962.

14. CONTINGENCIES AND COMMITMENTS

Government grants

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

Property tax cap

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

Service concession arrangements

In accordance with GASB Pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow of resources for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2018, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

Litigation

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

15. TAX ABATEMENTS

The Town of Babylon Industrial Development Agency ("IDA"), enters into various property tax abatement programs for the purpose of economic development. The District's real property tax revenue was reduced by $2,471,938. The District received payment in lieu of taxes ("PILOT") payment totaling $5,100,251.

16. PRIOR PERIOD ADJUSTMENT

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

Balance as of July 1, 2017, as previously stated	$ (30,712,709)
GASB Statement No. 75 implementation:	
Less: Difference in Total OPEB Liability (calculated under GASB 75) and Net OPEB Liability (calculated under GASB 45)	(134,221,801)
Balance as of July 1, 2017, as restated	$ (164,934,510)

17. FUTURE CHANGES IN ACCOUNTING STANDARDS

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

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

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 9, 2018 which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined the following subsequent events have occurred, which requires disclosure in the financial statements:

In August 2018, the District issued $20,000,000 of tax anticipation notes at an interest rate of 3%, maturing on June 25, 2019.

In August 2018, the District issued $16,900,000 of serial bonds at an interest rate of 3%, maturing on August 1, 2026.

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Revised Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	$ 60,114,748	$ 60,360,199	$ 60,360,525		$ 326
Other tax items	12,993,003	12,747,552	14,014,517		1,266,965
Charges for services	950,000	950,000	620,112		(329,888)
Use of money and property	130,320	130,320	198,291		67,971
Sale of property and compensation for loss	100	100	21,420		21,320
Miscellaneous	2,275,000	2,275,000	3,128,983		853,983
Total local sources	76,463,171	76,463,171	78,343,848		1,880,677
State sources	27,854,827	27,854,827	27,603,630		(251,197)
Federal sources	95,000	95,000	21,287		(73,713)
Total revenues	104,412,998	104,412,998	105,968,765		1,555,767
OTHER FINANCING SOURCES					
Prior year encumbrances	539,334	539,334	-		
Appropriated reserves	4,751,590	4,751,590	-		
Total revenues and other financing sources	109,703,922	109,703,922	105,968,765		
EXPENDITURES					
General support:					
Board of Education	71,882	72,082	63,967	$ 291	7,824
Central administration	336,507	336,751	334,611	175	1,965
Finance	1,132,372	1,120,030	1,071,871	16,521	31,638
Staff	562,411	558,796	531,059	10,400	17,337
Central services	7,628,228	7,616,303	7,312,724	141,893	161,686
Special items	1,051,669	1,050,572	979,538	40,292	30,742
Total general support	10,783,069	10,754,534	10,293,770	209,572	251,192
Instruction:					
Instruction, administration and improvement	4,430,306	4,392,631	4,316,937	3,879	71,815
Teaching - regular school	34,349,837	31,577,436	31,339,339	25,816	212,281
Programs for children with handicapping conditions	13,814,716	16,685,587	15,595,281	243,094	847,212
Teaching - special school	85,006	107,524	52,457	3,000	52,067
Instructional media	2,598,062	2,586,760	2,173,112	9,845	403,803
Pupil services	7,574,756	7,538,379	7,332,650	13,842	191,887
Total instruction	62,852,683	62,888,317	60,809,776	299,476	1,779,065
Pupil transportation	5,127,536	5,129,037	4,882,793	18,033	228,211
Employee benefits	28,832,702	28,824,102	27,699,597	-	1,124,505
Debt service:					
Principal	948,198	948,198	948,198	-	-
Interest	519,734	519,734	675,734	-	(156,000)
Total expenditures	109,063,922	109,063,922	105,309,868	527,081	3,226,973
OTHER FINANCING USES					
Interfund transfers out	640,000	640,000	764,420	-	(124,420)
Total expenditures and other financing uses	$ 109,703,922	$ 109,703,922	106,074,288	$ 527,081	$ 3,102,553
Net change in fund balance			(105,523)		
Fund balance, beginning of year			13,595,756		
Fund balance, end of year			$ 13,490,233		

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.

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

Measurement date	
Total OPEB Liability:	
Service cost	$ 8,570,723
Interest	6,447,605
Differences between expected and actual experience in the measurement of the total OPEB liability	(228,370)
Benefit payments	(4,546,148)
Net change in total OPEB liability	10,243,810
Total OPEB liability - beginning of year	208,605,708
Total OPEB liability - end of year	$ 218,849,518
Covered payroll	$ 52,468,704
Total OPEB liability as a percentage of covered payroll	417.10%

Note to Required Supplementary Information

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

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	(A) 2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension liability	0.03320%	0.03309%	0.34160%	0.33999%	0.33999%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability	$ 1,072	$ 3,109	$ 5,483	$ 1,149	$ 1,536	N/A	N/A	N/A	N/A	N/A
District's covered payroll	$ 10,197	$ 9,801	$ 9,574	$ 9,450	$ 9,427	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	10.51%	31.72%	57.27%	12.16%	16.29%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A

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

Not Available = N/A

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

****Note to Required Supplementary Information**

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	(B) 2018	(A) 2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension liability (asset)	0.30365%	0.30662%	0.30253%	0.30687%	0.30582%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ (2,308)	$ 3,284	$ (31,424)	$ (34,184)	$ (2,013)	N/A	N/A	N/A	N/A	N/A
District's covered payroll	$ 53,532	$ 60,079	$ 42,020	$ 33,088	$ 41,674	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	4.31%	5.47%	74.78%	103.31%	4.83%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.66%	99.01%	110.46%	111.48%	100.70%	N/A	N/A	N/A	N/A	N/A

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

Not Available = N/A

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

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

****Note to Required Supplementary Information**

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
Contractually required contribution	$ 1,433	$ 1,455	$ 1,673	$ 1,827	$ 2,033	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,433	1,455	1,673	$ 1,827	$ 2,033	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,321	$ 9,801	$ 9,574	$ 9,450	$ 9,427	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	13.89%	14.85%	17.47%	19.33%	21.57%	N/A	N/A	N/A	N/A	N/A

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

Not Available = N/A

****Note to Required Supplementary Information**

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	2016	2015	2014	2013	**2012	**2011	**2010	**2009
Contractually required contribution	$ 5,640	$ 6,274	$ 7,966	$ 7,366	$ 5,377	$ 4,934	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	5,640	6,274	7,966	7,366	5,377	4,934	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 50,026	$ 53,532	$ 60,079	$ 42,020	$ 33,088	$ 41,674	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	11.27%	11.72%	13.26%	17.53%	16.25%	11.84%	N/A	N/A	N/A	N/A

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

Not Available = N/A

****Note to Required Supplementary Information**

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Change from adopted budget to revised budget:

Adopted budget		$ 109,164,588
Add:		
Prior year's encumbrances		539,334
Original budget		109,703,922
Revised budget		$ 109,703,922

§ 1318 of the real property tax law limit calculation:

2018-19 voter-approved expenditure budget		$ 112,508,977
Maximum allowed (4% of 2018-19 budget)		$ 4,500,359
Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 4,627,081	
Unassigned fund balance	2,950,008	$ 7,577,089
Less:		
Appropriated fund balance	4,100,000	
Encumbrances	527,081	4,627,081
Fund Balance Subject to § 1318 of Real Property Tax Law		$ 2,950,008
Actual percentage		2.62%

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

			Expenditures				Methods of Financing			
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	State Aid	Local Sources	Total	Fund Balance June 30, 2018
Additional Roof Repairs	$ 90,000	$ 358,599	$ 347,886	$ -	$ 347,886	$ 10,713	$ -	$ 358,599	$ 358,599	$ 10,713
Capital Project/Rescue	159,882	181,468	75,813	-	75,813	105,655	-	181,468	181,468	105,655
Facilities Inspection	46,736	90,233	84,945	-	84,945	5,288	-	90,233	90,233	5,288
Kennedy Roof Replacement	853,399	853,399	-	-	-	853,399	-	853,399	853,399	853,399
Adams Security/Parking lot	136,664	136,711	131,327	-	131,327	5,384	-	136,711	136,711	5,384
Kennedy Security	19,311	19,359	17,214	-	17,214	2,145	-	19,359	19,359	2,145
Lincoln Security	19,299	19,299	715	-	715	18,584	-	19,299	19,299	18,584
May Moore Security/Parking lot	145,981	145,981	141,652	-	141,652	4,329	-	145,981	145,981	4,329
High School Security/Sidewalks	250,331	250,378	170,594	-	170,594	79,784	-	250,378	250,378	79,784
Frost Security	19,331	19,358	15,698	-	15,698	3,660	-	19,358	19,358	3,660
High School Auditorium	25,321	25,321	22,905	-	22,905	2,416	-	25,321	25,321	2,416
High School Roof	271,624	296,236	189,725	-	189,725	106,511	-	296,236	296,236	106,511
Transportation Roof	53,188	53,188	1,663	-	1,663	51,525	-	53,188	53,188	51,525
High School Parking Lot	2,853	194,398	192,997	-	192,997	1,401	-	194,398	194,398	1,401
High School Pool Regrouting/Construction	60,000	62,500	48,373	-	48,373	14,127	-	62,500	62,500	14,127
Kennedy Asbestos Removal	90,000	347,702	322,531	-	322,531	25,171	-	347,702	347,702	25,171
JQA Public Announcement System	25,000	45,500	20,582	-	20,582	24,918	-	45,500	45,500	24,918
Frost Family and Consumer Room	200,000	383,844	305,486	-	305,486	78,358	-	383,844	383,844	78,358
Phase 1 May Moore Improvements*	-	-	984,628	67,118	1,051,746	(1,051,746)	-	-	-	(1,051,746)
Phase 1 Robert Frost Improvements*	-	-	399,171	8,800	407,971	(407,971)	-	-	-	(407,971)
Phase 1 High School Improvements*	-	-	1,428,800	(3,967)	1,424,833	(1,424,833)	-	-	-	(1,424,833)
Phase 2 Memorial*	-	-	225,796	936,326	1,162,122	(1,162,122)	-	-	-	(1,162,122)
Phase 2 May Moore Improvements*	-	-	40,907	125,422	166,329	(166,329)	-	-	-	(166,329)
Phase 2 JQA Improvements*	-	-	27,443	178,121	205,564	(205,564)	-	-	-	(205,564)
Phase 2 High School Improvements*	-	-	32,596	788,079	820,675	(820,675)	-	-	-	(820,675)
Phase 2 JFK Improvements*	-	-	304,139	2,962,988	3,267,127	(3,267,127)	-	-	-	(3,267,127)
Phase 2 Robert Frost Improvements*	-	-	28,293	1,730,986	1,759,279	(1,759,279)	-	-	-	(1,759,279)
JFK Library Improvements*	-	-	191,777	-	191,777	(191,777)	-	-	-	(191,777)
JQA Roof*	-	-	258,723	1,051,562	1,310,285	(1,310,285)	-	-	-	(1,310,285)
JQA Canopy and Asphalt	-	268,000	214,874	61,964	276,838	(8,838)	-	268,000	268,000	(8,838)
May Moore Canopy	-	67,000	-	8,908	8,908	58,092	-	65,000	65,000	56,092
JFK Paving	-	65,000	-	-	-	65,000	-	100,000	100,000	100,000
Heat Exchange Upgrades	-	100,000	-	-	-	100,000	-	67,000	67,000	67,000
Smart School Bond Project	88,622	182,645	-	148,376	148,376	34,269	88,622	-	88,622	(59,754)
Lincoln Emergency Boiler Replacement	484,765	484,765	-	484,765	484,765	-	-	-	-	(484,765)
Unallocated Funds	1,003,100	1,040,481	21,181	-	21,181	1,019,300	-	1,040,481	1,040,481	1,019,300
Undesignated Projects	69,303	29,593	-	-	-	29,593	-	29,593	29,593	29,593
Totals	$ 4,114,710	$ 5,720,958	$ 6,248,434	$ 8,549,448	$ 14,797,882	$ (9,076,924)	$ 88,622	$ 5,053,548	$ 5,142,170	$ (9,655,712)

* - The District initially funded these projects with bond anticipation notes, therefore the method of financing is not shown. When the District converts those notes to permanent financing (i.e. serial bonds), the Schedule will be adjusted to reflect financing within proceeds of obligations.

DEER PARK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital assets, net		$ 27,644,410
Add:		
Unspent bond proceeds		3,243,148
Deduct:		
Bond anticipation notes payable	$ 12,700,000	
Short-term portion of installment purchase debt payable	705,671	
Long-term portion of installment purchase debt payable	6,080,374	19,486,045
Net investment in capital assets		$ 11,401,513

DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
TABLE OF CONTENTS

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM ACTIVITY FUNDS FINANCIAL STATEMENTS

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

NawrockiSmith

Opinion

In our opinion, the statement of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Deer Park Union Free School District for the year ended June 30, 2018 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Melville, New York
October 9, 2018

Nawrocki Smith LLP

DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balances June 30, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
High School:				
Academic Club	$ 106.14	$ 1,005.00	$ 955.18	$ 155.96
African-American Alliance	843.67	-	-	843.67
Audio Visual	210.00	-	-	210.00
Band	197.31	15,075.60	14,358.87	914.04
Baseball Club	113.46	-	-	113.46
Boys Basketball Varsity	186.55	4,193.00	4,368.00	11.55
Boys Lacrosse Varsity	1,414.12	-	500.00	914.12
Boys Soccer Varsity	4,442.92	10,597.47	14,637.46	402.93
Boys Swimming Varsity	391.60	-	339.04	52.56
Boys Track Varsity	570.64	1,994.50	1,040.97	1,524.17
Cheerleaders	96.11	-	-	96.11
Chorus	721.51	7,571.75	8,247.98	45.28
Class of 2012-2016	4,468.80	-	-	4,468.80
Class of 2013-2017	201.42	-	-	201.42
Class of 2014-2018	7,212.40	38,651.00	45,532.65	330.75
Class of 2015-2019	845.14	17,902.27	16,656.00	2,091.41
Class of 2016-2020	-	1,465.00	3,298.29	(1,833.29)
Class of 2017-2021	-	3,414.00	2,797.65	616.35
Community Service	812.09	-	-	812.09
Cornerstone	179.80	70.20	-	250.00
DECA	6,844.38	23,943.00	26,145.64	4,641.74
E-Commerce	154.71	-	-	154.71
Environmental Club	1,610.77	1,701.00	1,701.00	1,610.77
Fall Play	5,687.36	2,074.00	1,594.89	6,166.47
French Honor Society	104.70	845.00	756.00	193.70
Girls Basketball Varsity	326.87	905.00	700.00	531.87
Girls Lacrosse Varsity	1,412.33	2,250.00	1,400.00	2,262.33
Girls Soccer Varsity	1,242.50	8,255.77	7,317.02	2,181.25
Girls Track Varsity	1,140.12	7,978.50	7,887.89	1,230.73
Girls Volleyball Varsity	13.56	-	-	13.56
GSA	349.32	-	100.00	249.32
Guitar	1,889.20	17,348.65	15,543.73	3,694.12
HEAT	2,513.77	672.00	1,672.00	1,513.77
Honor Society	1,960.53	1,334.00	1,252.32	2,042.21
International Culture Club	5,411.02	422.75	1,922.40	3,911.37
Italian American Club	1,020.00	848.00	425.00	1,443.00
Kickline	41.85	-	-	41.85
Marching Band	1,905.24	-	300.00	1,605.24
Math/Computer Club	277.84	-	-	277.84
Musical Productions	8,595.78	15,832.45	20,639.62	3,788.61
Newspaper	108.67	-	-	108.67
Orchestra	3,011.32	13,425.10	13,691.80	2,744.62
Patriot Club	75.93	1,294.50	723.75	646.68
SADD	64.31	250.00	300.00	14.31
Savings	3,202.10	-	-	3,202.10
School Store	5,516.96	52,294.50	44,055.56	13,755.90
Shakespeare Club	141.63	-	-	141.63
Softball Varsity	281.38	7,027.25	7,295.00	13.63
Spanish Honor Society	8.53	2,960.80	1,649.12	1,320.21
Student Council	2,355.43	17,493.27	14,451.50	5,397.20
Student Council (PAL)	4,730.60	2,151.60	5,454.75	1,427.45
Technology	340.66	-	340.66	-
Testing Fund	26,468.98	43,534.00	41,910.00	28,092.98
Varsity Club	3,511.90	3,129.71	2,645.86	3,995.75
Wind Ensemble	0.14	250.00	250.00	0.14
Winter Play	860.83	2,811.00	1,979.59	1,692.24
Yearbook	5,716.17	-	-	5,716.17
	$ 121,911.07	$ 332,971.64	$ 336,837.19	$ 118,045.52

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

DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(continued)
JUNE 30, 2018

	Cash Balances June 30, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
Middle School:				
Band	$ 3,022.81	$ 7,001.50	$ 9,672.80	$ 351.51
Chorus/Orchestra	1,931.62	7,753.00	6,648.13	3,036.49
Cheerleading	431.81	1,166.00	1,214.29	383.52
Drama	3,495.54	1,201.00	2,075.46	2,621.08
General	1,239.03	10,469.66	10,948.94	759.75
Home and Careers	89.37	-	-	89.37
Kickline	-	2,704.00	2,004.50	699.50
Library	153.71	-	104.20	49.51
Life Skills	404.74	-	-	404.74
Musical	-	726.00	685.00	41.00
NJHS	1,289.13	300.00	145.06	1,444.07
Physical Education	451.00	-	-	451.00
Principal's Fund	1,630.39	103.45	1,014.37	719.47
School Store	49.32	-	-	49.32
Student Council	3,699.85	4,916.15	2,771.42	5,844.58
6 Grade - Field Trip	2,859.09	7,110.00	6,620.00	3,349.09
7 Grade - Field Trip	1,126.50	8,080.00	8,105.00	1,101.50
8 Grade - Field Trip	135.10	5,636.50	5,717.50	54.10
	$ 22,009.01	$ 57,167.26	$ 57,726.67	$ 21,449.60

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

DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Deer Park Union Free School District (the "District").

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

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Passed - Through Programs From:			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-18-0876	$ 921,568
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-17-0876	52,792
Total Special Education Cluster			974,360
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-17-2950	16,723
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-18-2950	10,150
ESEA, Title III, Part A, Language Instruction For Immigrant Students	84.365	0149-18-2950	15,293
ESEA, Title II, Part A, Training	84.367A	0147-17-2950	31,489
ESEA, Title II, Part A, Training	84.367A	0147-18-2950	61,192
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-17-2950	6,718
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-18-2950	384,286
Total U.S. Department of Education			1,500,211
U.S. Department of Agriculture			
Passed - Through Programs From:			
New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	108,197
National School Lunch Program	10.555	N/A	694,235
Total U.S. Department of Agriculture			802,432
TOTAL FEDERAL EXPENDITURES			$ 2,302,643

The accompanying notes should be read
in conjunction with this schedule.

DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Deer Park Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. Indirect Costs

The Deer Park Union Free School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and fiduciary funds of the Deer Park Union Free School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 9, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in section B of the accompanying schedule of findings and questioned costs as item 18-01.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Melville, New York
October 9, 2018

Nawrocki Smith LLP

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

Report on Compliance For Each Major Federal Program

We have audited the Deer Park Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Melville, New York
October 9, 2018

Nawrocki Smith LLP

DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. One instance of noncompliance was disclosed during the audit as discussed in section B below.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

CFDA Number	Name of Federal Program
	U.S. Department of Education
84.010A	ESEA, Title I, Part A, Grants to Local Educational Agencies
	U.S. Department of Agriculture
10.553	School Breakfast Program
10.555	National School Lunch Program

8. The threshold for distinguishing Type A and B programs was $750,000.
9. Auditee was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

18-01 The submission of the Annual Financial Report on Form ST-3 to the New York State Education Department did not occur until subsequent to the filing deadline.

Condition: The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date.

Criteria: The New York State Education Department required that the District submit its Annual Financial Report on Form ST-3 by September 4, 2018.

Effect: The District did not fulfill its New York State Education Department reporting requirement as of the required submission date.

Cause: Information necessary to complete the submission was not readily available, therefore, the Annual Financial Report on Form ST-3 was not prepared on a timely basis.

Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Response: The District will develop a work schedule to ensure timely completion of all financial reports in the upcoming year.

C. Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

DEER PARK UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Findings - Financial Statement Audit

17-01 Recommendation - The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements regarding the submission of the Annual Financial Report on Form ST-3.

Status - We noted this recommendation was not implemented.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

DEER PARK UNION FREE SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

This section presents our findings and recommendations noted during the audit of the financial statements of the Deer Park Union Free School District as of and for the year ended June 30, 2018, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATION:

1. Extraclassroom Activity Funds

   Our audit procedures included a review of the extraclassroom receipts and expenses for the high school and middle school. During our review of extraclassroom receipts, we noted the District to have receipts that were not deposited in a timely fashion and receipts that were not approved by student activity treasurer and/or the faculty advisor. During our review of extraclassroom expenses, we noted the District to have expenses that were not approved by student activity treasurer and/or the faculty advisor and expenses with no supporting documentation to substantiate the expenses.

   We recommend that the District consider revising procedures for receipts and expenses to be properly approved by both the faculty advisor and student activity treasurer, timely deposit of receipts, and proper supporting documentation to substantiate any expenses. In this manner, internal controls over extraclassroom receipts and expenses may be improved.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

1. Recommendation – It was recommended that the District review its due to/from balances and consider reimbursing each fund for the proper amount within a reasonable amount of time.

   Status - We noted that this recommendation was implemented.

2. Recommendation - It was recommended that the District review its approach to the maintenance of vendor information.

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

3. Recommendation – It was recommended that the District develop a policy and procedure for documenting, and if necessary, writing off old receivable balances that are considered uncollectible.

   Status - We noted that this recommendation was implemented.

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

August 8, 2019

The Board of Education of
Deer Park Union Free School District,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Deer Park Union Free School District (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 $20,000,000 Tax Anticipation Note for 2019-2020 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 Deer Park Union Free School District, in the County of Suffolk, a school district of the State of New York.

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

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of August 8, 2019.

"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 $20,000,000 Tax Anticipation Note for 2019-2020 Taxes, dated August 8, 2019, maturing on June 25, 2020, 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; and

(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 8, 2019.**

DEER PARK UNION FREE SCHOOL DISTRICT

By_____

President of the Board of Education