

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 11, 2021

NEW ISSUE

TAX ANTICIPATION NOTES

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

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

**DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

**\$21,000,000* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES
(the "Notes")**

Date of Issue: September 1, 2021

Maturity Date: June 24, 2022

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. (See "*The Tax Levy Limit Law*" herein.)

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on August 19, 2021 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about September 1, 2021.

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

August , 2021

*Preliminary, subject to change.

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

**DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

1881 Deer Park Avenue
Deer Park, New York 11729
Telephone: 631/274-4001
Fax: 631/274-4033

BOARD OF EDUCATION

Donna Marie Elliott, President
Kristine Rosales, Vice President

Al Centamore
Donna Gulli-Grunseich
Anthony Henkel

Jerry Jean-Pierre
Robert Marino

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



Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

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

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

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OFFICIAL STATEMENT

**DEER PARK UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

Relating To

**\$21,000,000* TAX ANTICIPATION NOTES FOR 2021-2022 TAXES
(the "Notes")**

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the 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 \$21,000,000* Tax Anticipation Notes for 2021-2022 Taxes (the "Notes").

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

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

THE NOTES

Description

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

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: 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.

Optional Redemption

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

Book-entry-only System

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

*Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

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

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

Security and Source of Payment

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

NO PAST DUE DEBT

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

BANKRUPTCY

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

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

THE DISTRICT

Description

The District, 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 25,375 with a student population in the school system of 3,996. 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 and current school enrollment for the District.

<u>School Year</u>	<u>School Enrollment</u>
2017-2018	4,129
2018-2019	4,136
2019-2020	4,039
2020-2021	4,030
2021-2022	4,094

Source: District Officials.

Projected Future Enrollment

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

<u>School Year</u>	<u>School Enrollment</u>
2022-2023	4,062
2023-2024	4,059

Source: District Officials.

District Facilities

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

<u>Name of School</u>	<u>Grades</u>	<u>Insurable Value</u>
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
Abraham Lincoln Elementary	Rented	7,655,146
Memorial	Rented	7,552,762

Employees

The District provides services through approximately 849 employees who are represented by the following units of organized labor, plus non-union employees not represented.

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Deer Park Teachers Association	06/30/2022	376
Deer Park Unit of Suffolk Educ. (CSEA)	06/30/2021	210
Deer Park Administrators Association	06/30/2023	27
Deer Park Teaching Assistants & Non-Instructional Teacher Aides	06/30/2023	160

Source: District Officials.

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.

<u>Year</u>	<u>District</u>	<u>Town of Babylon</u>	<u>Suffolk County</u>
1990	-	202,940	1,321,864
2000	-	211,792	1,419,369
2010	26,329	213,603	1,493,350
2019	25,432	210,141	1,476,601

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			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
District	\$ -	\$ -	\$29,431	\$36,995
Town of Babylon	16,726	22,844	30,219	37,129
County of Suffolk	18,481	26,577	35,411	44,465
State of New York	16,501	23,389	30,791	39,326

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019^a</u>
District	\$ -	\$ -	\$77,457	\$94,645
Town of Babylon	47,074	60,064	79,545	94,011
County of Suffolk	49,128	65,288	84,506	101,031
State of New York	32,965	43,393	55,603	68,486

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2015-2019)

Selected Listing of Larger Employers in Town of Babylon^a (As of 2020)

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
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.

<u>Annual Averages:</u>	<u>Town of Babylon (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2016	4.7	4.3	4.8
2017	4.8	4.5	4.7
2018	4.1	3.9	4.1
2019	3.9	3.7	4.0
2020	9.8	8.5	10.0
2021 (6 Month Average) ^a	6.4	5.7	8.2

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 August 11, 2021)

<u>In Town of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
Babylon (2020-2021) ^a	\$33,921,914	0.91%	\$3,727,682,857
Debt Limit - 10% of Average Full Valuation			\$372,768,286
Inclusions: ^b			
Outstanding Bonds			\$14,165,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>14,165,000</u>
Exclusions (Estimated Building Aid) ^c			<u>8,881,455</u>
Total Net Indebtedness			<u>5,283,545</u>
Net Debt Contracting Margin			<u><u>\$367,484,741</u></u>
Per Cent of Debt Contracting Margin Exhausted			1.44%

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

b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.

c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when notes are to be issued.

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness
As at June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ -	\$ -	\$16,915,000	\$16,015,000	\$15,115,000
BANs	4,700,000	12,700,000	-	-	-
Other	-	-	-	-	-
Total	<u>\$4,700,000</u>	<u>\$12,700,000</u>	<u>\$16,915,000</u>	<u>\$16,015,000</u>	<u>\$15,115,000</u>

Source: Audited Financial Statements of the District.

Debt Service Requirements - Outstanding Bonds^a

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<u>\$15,115,000</u>	<u>\$3,094,875</u>	<u>\$18,209,875</u>

a. Does not include payments made to date.

Debt Service Requirements – Installment Purchase Debt^a

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 951,493	\$ 154,419	\$ 1,105,912
2023	980,700	125,213	1,105,913
2024	1,010,819	95,095	1,105,914
2025	855,523	64,034	919,557
2026-2030	<u>1,335,885</u>	<u>43,451</u>	<u>1,379,336</u>
	<u>\$5,134,420</u>	<u>\$ 482,212</u>	<u>\$5,616,632</u>

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 payments.

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

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>
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
2020	20,000,000	08/08/2019	06/25/2020
2021	20,500,000	08/18/2020	06/25/2021

Authorized and Unissued Debt

The District has no authorized but unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	06/07/2021	1.61	\$32,774,356	\$20,236,046
Town of Babylon	03/04/2021	14.53	<u>23,909,115</u>	<u>21,609,743</u>
Totals			<u>\$56,683,471</u>	<u>\$41,845,789</u>

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 August 11, 2021)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$14,165,000	\$ 557	0.380
Net Direct Debt	5,283,545	208	0.142
Total Direct & Applicable Total Overlapping Debt	70,848,471	2,786	1.901
Net Direct & Applicable Net Overlapping Debt	47,129,333	1,853	1.264

a. The current population of the District is 25,4372.

b. The full valuation of taxable real property in the District for 2020-21 is \$3,727,682,857.

FINANCES OF THE DISTRICT

Impact of COVID-19

The District has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to hiring additional personnel and for cleaning supplies and equipment, the aggregate cost of which total approximately \$300,000. The District has paid such costs from budgetary appropriations and/or available funds. The District does not believe that the increased costs described above or any potential reductions in State aid will have a material adverse impact on the finances of the District. (See also “*State Aid*” herein.)

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

The District has been allocated \$452,440 in CARES Act funding and has received \$90,487. The District is expected to receive a total of \$9,837,436 through CRRSA and ARP funding. See also “*State Aid*” herein.

Independent Audit

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

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

On May 18, 2021, a majority of the voters of the District approved the District's budget for the 2021-2022 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2020-2021 and 2021-2022 may be found in Appendix A, herein.

Revenues

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

Real Property Taxes

See "*Tax Information*" herein.

State Aid

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

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

Fiscal Year <u>Ending June 30:</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>
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	108,792,603	29,342,881	26.97
2020	117,748,820	30,134,516	25.59
2021 (Budgeted) ^a	118,368,080	29,971,506	25.32
2022 (Budgeted) ^a	121,769,599	33,908,836	27.85

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

a. Budgeted revenues do not include the application of reserves and fund balance. Budgeted Revenues include STAR.

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

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that without federal funding the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State.

The State’s 2020-21 Enacted Budget authorized the State’s Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department (“SED”) advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds on or about June 30, 2021.

The State’s 2021-22 Enacted Budget provides \$29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represents an increase of \$3.0 billion or 11.3 percent compared to the 2020-21 school year, and includes a \$1.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase is targeted to high-need school districts. The State’s 2021-22 Enacted Budget also programs \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor’s Emergency Education Relief Fund to public schools. This funding available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State’s

2021-22 Enacted Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

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

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

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.

Events Affecting State Aid to New York School Districts

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

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The State's 2014-2015 Budget included a \$1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the State aid increase. The State's 2014-2015 Budget restored \$602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The State's 2014-2015 Budget invested \$1.5 billion over five years to support the phase-in of a Statewide universal full-day pre-kindergarten program.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. Said budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

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

School district fiscal year (2017-2018): The State's 2017-2018 Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

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

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

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

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State. The District's allocation of funds is \$2,636,151. The District has spent approximately \$992,534 of such amount.

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

Expenditures

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

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

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

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

The most current applicable report of OSC designates the District as “No Designation” (Fiscal Score: 0.0%; Environmental Score: 15.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released 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 and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Statement.

Employee Pension System

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

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

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

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

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

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

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the amounts budgeted for the 2021 and 2022 fiscal years.

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
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	4,929,489	2,552,113
2021 (Budgeted)	5,156,648	2,072,833
2022 (Budgeted)	5,490,475	2,228,675

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending June 30, 2020:</u>
Balance as of June 30, 2019	\$211,538,029
Changes for the year:	
Service Cost	7,825,926
Interest	7,589,747
Change in Benefit Terms	(8,538)
Differences Between Expected and Actual Experience	729,368
Change in Assumptions or Other Inputs	(15,523,524)
Benefit Payments	(5,071,699)
Total Changes	<u>(\$4,458,720)</u>
Total OPEB liability as of June 30, 2020	<u><u>\$207,079,309</u></u>

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

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

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 percentage of the District’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020, and the amounts budgeted for 2021 and 2022.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
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	108,792,603	62,451,401	57.40
2020	117,748,820	65,393,976	55.54
2021 (Budgeted) ^a	118,368,080	74,521,878	62.96
2022 (Budgeted) ^a	121,769,599	75,453,230	61.96

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

a. Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues do not include appropriations of fund balance.

Tax Collection Procedure

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

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

The Tax Levy Limit Law

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

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

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

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

STAR - School Tax Exemption

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

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

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

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit. Approximately 15% of the District’s 2020-2021 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 15% of the District’s 2021-2022 school tax levy exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2022. (See “State Aid” herein).

Valuations, Rates Levies and Collections

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2017 through 2021.

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Assessed</u> <u>Valuation</u>	<u>State Equal.</u> <u>Rate (%)</u>	<u>Full Valuation</u>	<u>Tax Rate</u> <u>Per \$1,000</u> <u>Assessed</u> <u>Valuation</u>	<u>Tax Levy</u>
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
2020	33,822,390	0.97	3,486,844,330	215.77	72,906,035
2021	33,921,914	0.91	3,727,682,857	219.46	74,447,474

Source: Tax Rate Sheets for the Town of Babylon.

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

<u>Name</u>	<u>Type</u>	<u>Assessed</u> <u>Valuation</u>
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	<u><u>\$3,127,569</u></u>

a. Represents 9.22% of the Assessed Valuation of the District for 2020-2021.

Source: Town Assessment Roll.

CYBERSECURITY

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

LITIGATION

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

The District was served a Notice of Intent to Sue dated July 22, 2020, and a letter inquiring about the possibility of settlement from a former student of the District. The litigant filed a complaint under the Child Victim's Act claiming that the District was negligent in failing to properly supervise its employees; failing to take protective measures to protect the claimant from the risks of childhood sexual harassment, molestation, rape and abuse by employees of the District; failing to supervise or stop its employee from raping the claimant when she was a minor; failing to report acts of sexual abuse of a minor which the District know or should have known occurred; failing to recognize the dangerous and exploitive propensity of its employee; failing to have policies and procedures in place with regard to the hiring and retention of its employees to prevent sexual assaults of its students from occurring; and failing to have policies and procedures in place to prevent the sexual assault of minor students on its school buses.

At present there is no demand, or indication of what the claimant might consider as a settlement of these claims. However, NYSIR (insurance carrier) has advised that they have assigned counsel to this matter, and it is their present intention to provide coverage for the District.

Should the plaintiff be successful in any of the above actions against the District, any liability is expected to be funded either through budgetary appropriations or through the issuance of bonds.

RISK FACTORS

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

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

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

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

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

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

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

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

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

RATING

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa3" to the outstanding long-term bonds of the District. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the District: 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 the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: www.munistat.com.

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

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

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

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

By: s/s DONNA MARIE ELLIOTT
President of the Board of Education
Deer Park Union Free School District
Deer Park, New York

August , 2021

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Real Property Taxes	\$ 58,317,365	\$ 59,107,959	\$ 60,360,525	\$ 62,451,401	\$ 65,393,976
Other Tax Items	13,498,685	13,187,517	14,014,517	13,248,817	12,764,799
Charges for Services	968,874	482,720	620,112	566,019	920,370
Use of Money and Property	146,897	139,509	198,291	282,537	215,660
Sale of Property & Compensation for Loss	29,211	121,651	21,420	5,982	5,314,043
Miscellaneous	2,485,426	2,979,519	3,128,983	2,784,722	2,946,054
State Sources	26,819,023	26,878,496	27,603,630	29,342,881	30,134,516
Federal Sources	156,342	56,528	21,287	110,244	59,402
Total Revenues	<u>102,421,823</u>	<u>102,953,899</u>	<u>105,968,765</u>	<u>108,792,603</u>	<u>117,748,820</u>
Expenditures:					
General Support	10,051,403	10,003,438	10,293,770	10,217,842	10,486,061
Instruction	58,554,913	60,818,707	60,809,776	61,839,784	63,343,093
Pupil Transportation	4,291,956	4,640,074	4,882,793	4,917,015	4,868,216
Employee Benefits	26,284,113	27,173,025	27,699,597	29,183,196	28,321,184
Debt Service	3,118,714	1,791,307	1,623,932	1,604,575	3,085,734
Total Expenditures	<u>102,301,099</u>	<u>104,426,551</u>	<u>105,309,868</u>	<u>107,762,412</u>	<u>110,104,288</u>
Excess (Deficit) Revenues Over Expenditures	120,724	(1,472,652)	658,897	1,030,191	7,644,532
Other Financing Sources (Uses)					
Premiums on Serial Bond Issuance				157,920	
Interfund Transfers In					118,304
Interfund Transfers Out	(631,650)	(622,608)	(764,420)	(1,002,951)	(707,762)
Total Other Financing Sources	<u>(631,650)</u>	<u>(622,608)</u>	<u>(764,420)</u>	<u>(845,031)</u>	<u>(589,458)</u>
Net Change In Fund Equity	(510,926)	(2,095,260)	(105,523)	185,160	7,055,074
Fund Balance Beginning of Fiscal Year	<u>16,201,942</u>	<u>15,691,016</u>	<u>13,595,756</u>	<u>13,490,233</u>	<u>13,675,393</u>
Fund Balance End of Fiscal Year	<u>\$ 15,691,016</u>	<u>\$ 13,595,756</u>	<u>\$ 13,490,233</u>	<u>\$ 13,675,393</u>	<u>\$ 20,730,467</u>

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

Balance Sheet - General Fund
 Fiscal Year Ended June 30, 2020

ASSETS:

Cash - Unrestricted	\$ 10,302,253
Cash - Restricted	10,976,460
Receivables:	
State & Federal Aid Receivable	873,355
Due From Other Funds	2,504,246
Due From Fiduciary Funds	638,786
Due From Other Governments	1,908,596
Other Receivables	<u>76,572</u>
 Total Assets	 \$ <u><u>27,280,268</u></u>

LIABILITIES:

Accounts Payable	886,524
Due to Other Funds	285,307
Due to Teachers' Retirement System	4,840,355
Due to Employees' Retirement System	414,512
Compensated Absences	<u>123,103</u>
 Total Liabilities	 <u><u>6,549,801</u></u>

FUND EQUITY:

Restricted	\$ 10,976,460
Assigned	5,862,044
(a) Approved by the voters of the District of	<u>3,891,963</u>
 Total Fund Equity	 <u><u>20,730,467</u></u>
 Total Liabilities and Fund Equity	 \$ <u><u>27,280,268</u></u>

Source: Audited Annual Financial Report of the District.
 Note: This Schedule is NOT audited.

Budget Summaries

	<u>2020-21^a</u>	<u>2021-22^b</u>
Revenues:		
Real Property Taxes	\$ 74,521,878	\$ 75,453,230
Payments In Lieu of Taxes	4,494,063	4,792,320
Local Revenues	3,930,633	4,366,326
State Aid	29,971,506	33,908,836
Use of Reserves	1,450,000	248,887
Appropriation of Fund Balance from Prior Fiscal Year	<u>4,000,000</u>	<u>3,000,000</u>
 Total	 <u><u>\$ 118,368,080</u></u>	 <u><u>\$ 121,769,599</u></u>
Expenditures:		
General Support	\$ 11,301,458	\$ 12,111,699
Instruction	65,827,976	67,315,783
Pupil Transportation	5,206,180	5,191,956
Interfund Transfers	700,000	800,000
Employee Benefits	31,678,602	32,674,048
Debt Service	<u>3,653,864</u>	<u>3,676,113</u>
 Total	 <u><u>\$ 118,368,080</u></u>	 <u><u>\$ 121,769,599</u></u>

(a) Approved by the voters of the District on 6/9/20

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

APPENDIX B

CASH FLOWS

DEER PARK UNION FREE SCHOOL DISTRICT

CASH FLOW ACTUAL 2020-2021 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance ^a	21,214	16,906	34,132	32,137	24,144	16,300	2,552	37,723	35,364	40,597	34,321	32,832	21,214
Receipts													
Property Taxes						840	34,043	3,054	808	1,625	6,754	20,394	67,518
State Aid		730	4,134	157	162	630	1,061	345	12,322		188	4,332	24,061
STAR Payment							7,002						7,002
Use of Money	2	2	1	1			1	1	1	1	1	1	12
Library Taxes											66	934	1,000
Federal Aid					189	158						91	438
In Lieu of Taxes			168	33			206	2,619	30	38		2,611	5,705
Other Receipts	71	16	1,143	639	130		510	365	496	239	90	812	4,511
Loans from Other Funds						152						122	274
Medicaid Reimbursement						5				11	3	3	22
Note Proceeds		20,760											20,760
Total Receipts	73	21,508	5,446	830	481	1,785	42,823	6,384	13,657	1,914	7,102	29,300	131,303
Disbursements													
Salary and Benefits	2,789	2,233	6,467	6,493	6,880	11,950	6,559	6,707	6,942	6,575	6,934	14,914	85,443
Services and Support	452	1,089	588	1,330	1,445	3,583	746	1,350	1,482	1,615	1,551	2,908	18,139
Capital Outlays		500											500
Due Other Funds			200				347						547
Library				1,000									1,000
TAN Principal											106	20,394	20,500
TAN Interest												328	328
Debt Service - Principal	900	373	171					379					1,823
Debt Service - Interest	240	87	15					307					649
Total Disbursements	4,381	4,282	7,441	8,823	8,325	15,533	7,652	8,743	8,424	8,190	8,591	38,544	128,929
Balance	16,906	34,132	32,137	24,144	16,300	2,552	37,723	35,364	40,597	34,321	32,832	23,588	23,588
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	106	0
Receipts	0	0	0	0	0	0	0	0	0	0	106	20,394	20,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	20,500	20,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	106	0	0

a. Opening balance includes approximately \$5.5 million in restricted reserves.

DEER PARK UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTION 2021-2022 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance ^a	23,588	19,172	30,073	28,796	21,195	13,077	1,864	34,986	31,179	36,419	30,009	28,773	23,588
Receipts													
Property Taxes						840	34,552	3,190	922	1,695	6,936	20,665	68,800
State Aid		802	5,251	160	160	1,496	160	160	12,680		185	5,615	26,669
STAR Payment							6,653						6,653
Use of Money	3	263	7	7	6	4	4	5	7	8	8	8	330
Library Taxes											67	933	1,000
In Lieu of Taxes								2,396				2,396	4,792
Other Receipts	70	42	862	227	225	258	225	370	225	242	225	427	3,398
Medicaid Reimbursement						20	15		15	15	15	15	95
TAN Proceeds		21,000											21,000
Total Receipts	73	22,107	6,120	394	391	2,618	41,609	6,121	13,849	1,960	7,436	30,059	132,737
Disbursements													
Salary and Benefits	2,850	2,282	6,610	6,635	7,032	12,213	6,703	6,854	7,094	6,720	7,087	14,353	86,433
Services and Support	462	1,113	600	1,360	1,477	1,618	1,784	2,401	1,515	1,650	1,585	2,951	18,516
Capital Outlays		500											500
Due to Other Funds		5,851											5,851
Library		1,000											1,000
TAN Principal Repayment												21,000	21,000
TAN Interest Repayment												400	400
Debt Service - Principal	950	385	175					392					1,902
Debt Service - Interest	227	75	12					281					595
Total Disbursements	4,489	11,206	7,397	7,995	8,509	13,831	8,487	9,928	8,609	8,370	8,672	38,704	136,197
Balance	19,172	30,073	28,796	21,195	13,077	1,864	34,986	31,179	36,419	30,009	28,773	20,128	20,128
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	335	0
Receipts	0	0	0	0	0	0	0	0	0	0	335	20,665	21,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	21,000	21,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	335	0	0

a. Opening balance includes approximately \$5.5 million in restricted reserves.

DEER PARK UNION FREE SCHOOL DISTRICT

APPENDIX C

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

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.



**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, 2020**

**DEER PARK UNION FREE SCHOOL DISTRICT
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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, 2020, 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, 2020, 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.

NawrockiSmith

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 52-57 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 14, 2020, 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 14, 2020



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The District's investment in capital assets, net of related debt, increased \$1,606,354 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 \$125,329,077. Of this amount, \$5,171,100 was offset by program charges for services and operating grants. General revenues of \$116,956,114 amount to 96% of total revenues.
- Total governmental fund's assets exceeded liabilities and deferred inflows of resources by \$22,688,222 (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.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • 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.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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 \$3,201,863 from the year before to a net deficit position of \$183,655,919, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$10,976,460 represents the District's reserves for employee benefit accrued liabilities, unemployment insurance, retirement contributions and workers' compensation. These

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

assets are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2020, the District has an unrestricted net deficit position of \$209,315,768. This deficit is driven by the District's required recognition of its obligation to post-employment benefits which currently totals \$207,079,309. This obligation will continue to grow into the future (see Note 11 to the accompanying financial statements) resulting in a greater unrestricted net deficit.

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

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 29,342,481	\$ 37,345,719	\$ 8,003,238	27.3
Capital assets, net	<u>34,832,017</u>	<u>36,490,639</u>	<u>1,658,622</u>	4.8
Total assets	<u>\$ 64,174,498</u>	<u>\$ 73,836,358</u>	<u>\$ 9,661,860</u>	15.1
Deferred outflows of resources	<u>\$ 30,572,710</u>	<u>\$ 31,579,130</u>	<u>\$ 1,006,420</u>	3.3
Current liabilities	\$ 9,198,082	\$ 9,241,743	\$ 43,661	0.5
Noncurrent liabilities	<u>242,978,435</u>	<u>243,775,000</u>	<u>796,565</u>	0.3
Total liabilities	<u>\$ 252,176,517</u>	<u>\$ 253,016,743</u>	<u>\$ 840,226</u>	0.3
Deferred inflows of resources	<u>\$ 23,024,747</u>	<u>\$ 36,054,664</u>	<u>\$ 13,029,917</u>	56.6
Net position:				
Net investment in capital assets	\$ 13,077,035	\$ 14,683,389	\$ 1,606,354	12.3
Restricted	7,110,785	10,976,460	3,865,675	54.4
Unrestricted (deficit)	<u>(200,641,876)</u>	<u>(209,315,768)</u>	<u>(8,673,892)</u>	(4.3)
Total net position	<u>\$ (180,454,056)</u>	<u>\$ (183,655,919)</u>	<u>\$ (3,201,863)</u>	(1.8)

As of June 30, 2020, the District had positive working capital of \$20,359,592 as compared to \$14,674,636 as of June 30, 2019. The increase is primarily due to an increase in cash from the sale of the George Washington School.

Changes in Net Position

The District's fiscal year 2020 revenues totaled \$122,127,214 (See Table A-3). Property taxes, other tax items and State sources accounted for most of the District's revenue by contributing 54 cents, 10 cents and 25 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, and other miscellaneous sources.

- Sale of property and compensation for loss increased by \$5,308,061, as a result of the closing of the sale of George Washington School during fiscal 2020.
- Real property tax revenue increased \$2,942,575 as a result of a budgeted increase in the levy for fiscal 2019-20.

The District's fiscal year 2020 expenses totaled \$125,329,077 (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.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

- Debt service-interest expense increased by 169% due to the District issuing installment purchase debt in the current year and bonds in the previous year.

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

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,180,308	\$ 1,312,789	\$ 132,481	11.2
Operating grants	3,928,676	3,858,311	(70,365)	(1.8)
General revenues:				
Real property taxes	62,451,401	65,393,976	2,942,575	4.7
Other tax items	13,248,817	12,764,799	(484,018)	(3.7)
Use of money and property	373,455	217,146	(156,309)	(41.9)
Sale of property and compensation for loss	5,982	5,314,043	5,308,061	88,733.9
State sources	29,342,881	30,134,516	791,635	2.7
Federal sources - Medicaid	110,244	59,402	(50,842)	(46.1)
Miscellaneous	2,809,615	3,072,232	262,617	9.3
Total revenues	<u>113,451,379</u>	<u>122,127,214</u>	<u>8,675,835</u>	7.6
Expenses				
General support	13,812,947	14,598,919	785,972	5.7
Instruction	95,963,590	100,603,351	4,639,761	4.8
Pupil transportation	6,687,579	7,432,610	745,031	11.1
Debt service - interest	548,232	1,474,697	926,465	169.0
School lunch program	1,345,009	1,219,500	(125,509)	(9.3)
Total expenses	<u>118,357,357</u>	<u>125,329,077</u>	<u>6,971,720</u>	5.9
Change in net position	(4,905,978)	(3,201,863)	1,704,115	34.7
Net position (deficit), beginning of year	<u>(175,548,078)</u>	<u>(180,454,056)</u>	<u>(4,905,978)</u>	(2.8)
Net position (deficit), end of year	<u>\$ (180,454,056)</u>	<u>\$ (183,655,919)</u>	<u>\$ (3,201,863)</u>	(1.8)

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2020

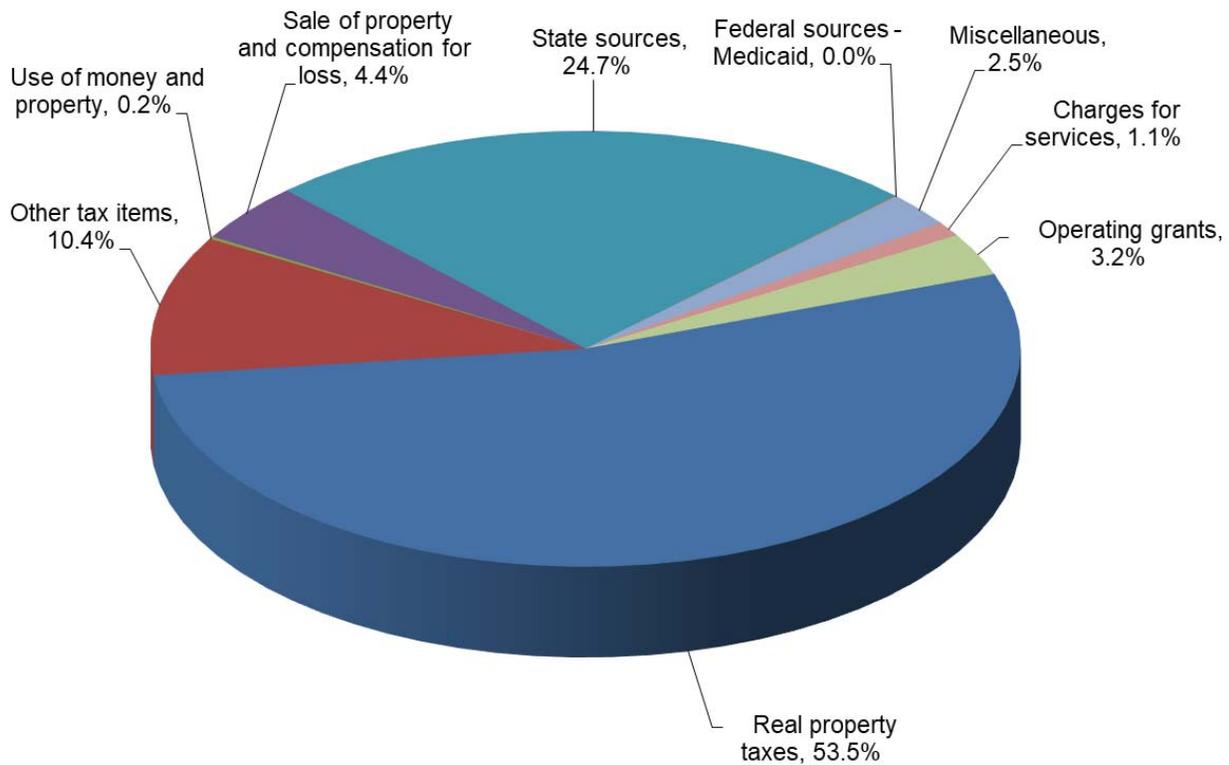
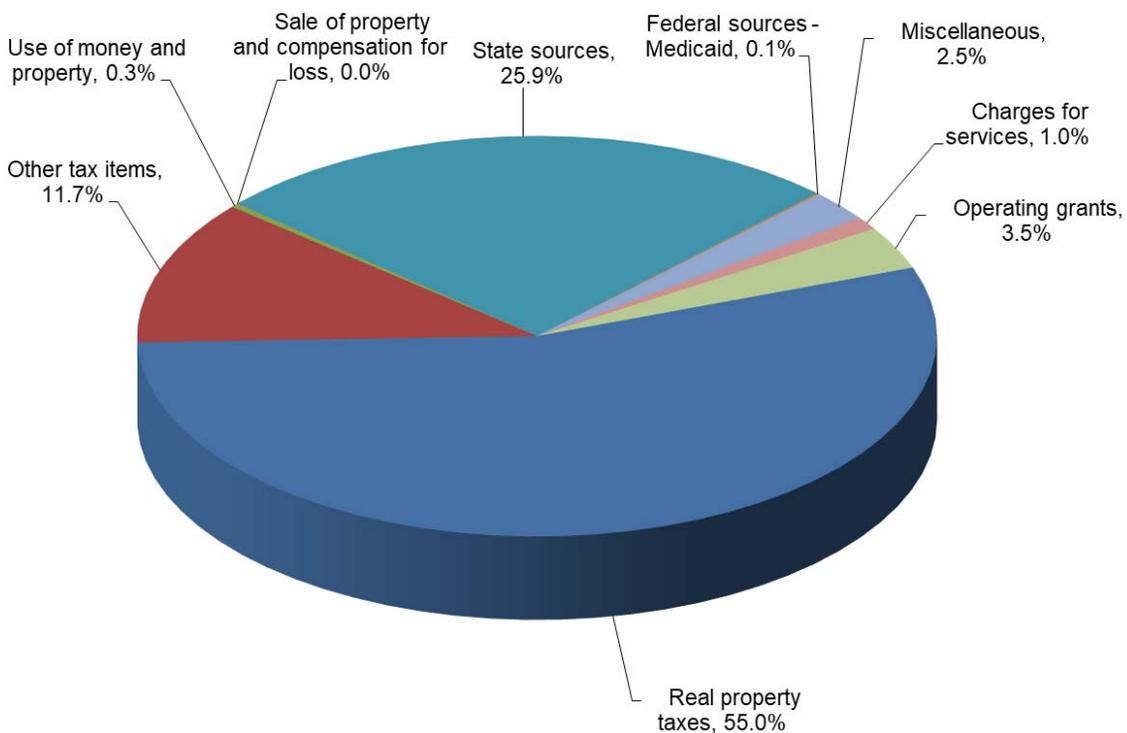


Table A-5: Sources of Revenues for Fiscal Year 2019



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2020

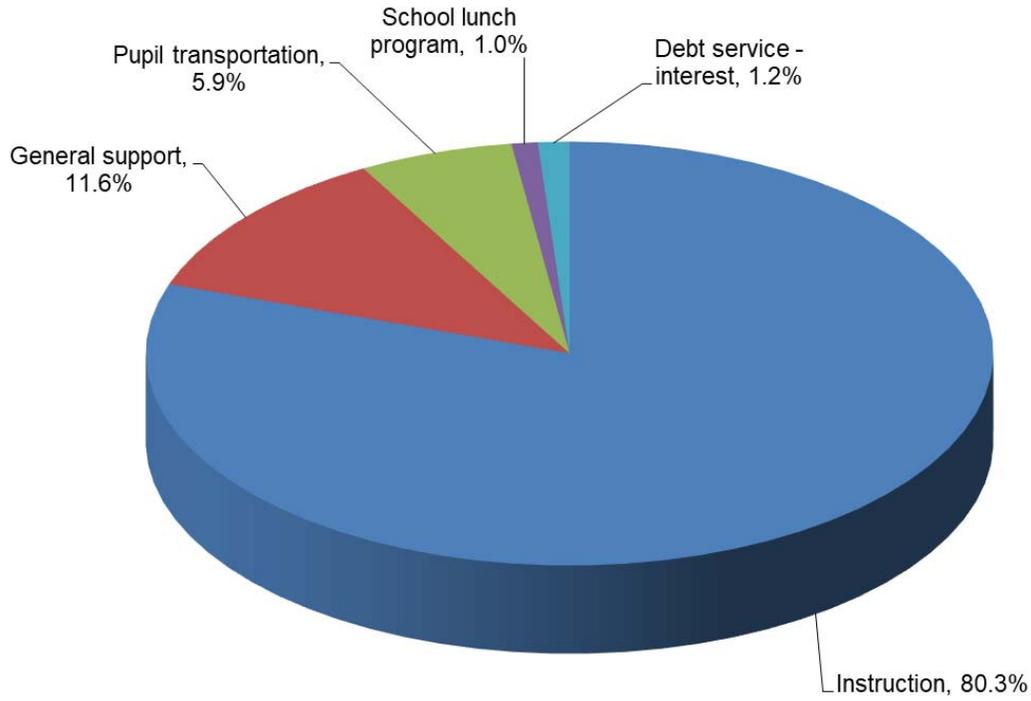
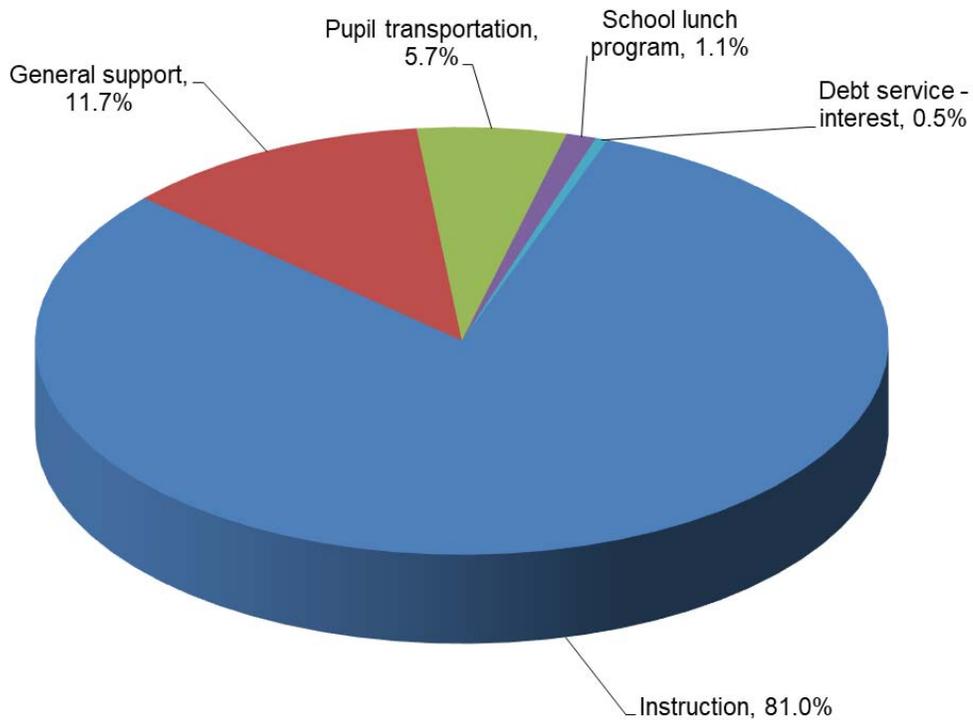


Table A-7: Expenses for Fiscal Year 2019



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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, 2020, the District's governmental funds reported a combined fund balance of \$22,688,222 which is an increase of \$6,351,695 from June 30, 2019. The majority of the increase is generated by the Tax Reduction reserve created in fiscal 2020, as a result of the sale of the George Washington School.

General Fund

The General Fund reported an increase in fund balance of \$7,055,074 for fiscal 2020, as compared to an increase in fund balance of \$185,160 for fiscal 2019. Revenues increased \$8,956,217 mainly as a result of an increase in the budgeted property tax levy, and an increase in sale of property and compensation for loss. Expenditures increased \$2,341,876 due to increases in the instruction and debt service principal and interest categories. Other financing uses was \$589,458 which is a decrease of \$255,573 from the prior year.

Sale of property and compensation for loss increased as a result of the sale of the George Washington School. Debt service principal costs increased as the District issued installment debt during the fiscal year and bonds in the previous year.

Special Aid Fund

Decreases in federal and state grant funding caused a decrease in revenue in the Special Aid Fund. Revenues decreased \$108,356. 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 decrease in expenditures is consistent with the decrease in revenues. The General Fund transferred \$207,762 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 \$76,031 for fiscal 2020. Expenses related to food service operations decreased \$125,509 as a result of COVID-19.

Capital Projects Fund

The District spent \$2,171,948 on necessary District-wide improvements in fiscal 2019-20. The General Fund transferred \$500,000 to the fund to subsidize those improvements, and the District issued installment purchase debt of \$891,052. As a result of the long-term financing, the Capital Projects Fund fund balance ended in a net position of \$412,733.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

Table A-8: Fund Balances - Governmental Funds

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Employee Benefit Accrued Liability	\$ 3,462,031	\$ 3,477,134	\$ 15,103	0.4
Unemployment Insurance	936,401	940,485	4,084	0.4
Retirement Contributions	481,172	483,271	2,099	0.4
Tax Reduction	-	5,232,000	5,232,000	100.0
Workers' Compensation	1,039,038	843,570	(195,468)	(18.8)
Assigned:				
Appropriated for subsequent year's expenditures	4,100,000	4,000,000	(100,000)	(2.4)
Encumbrances	1,509,455	1,862,044	352,589	23.4
Unassigned	<u>2,147,296</u>	<u>3,891,963</u>	<u>1,744,667</u>	81.2
Total General Fund	<u>13,675,393</u>	<u>20,730,467</u>	<u>7,055,074</u>	51.6
School Lunch Fund				
Nonspendable:				
Inventory	20,851	13,445	(7,406)	(35.5)
Assigned:				
Food service operations	1,426,809	1,516,371	89,562	6.3
Encumbrances	<u>21,331</u>	<u>15,206</u>	<u>(6,125)</u>	(28.7)
Total School Lunch Fund	<u>1,468,991</u>	<u>1,545,022</u>	<u>76,031</u>	5.2
Capital Projects Fund				
Restricted:				
Capital Projects	<u>1,192,143</u>	<u>412,733</u>	<u>(779,410)</u>	(65.4)
Total Capital Projects Fund	<u>1,192,143</u>	<u>412,733</u>	<u>(779,410)</u>	(65.4)
	<u>\$ 16,336,527</u>	<u>\$ 22,688,222</u>	<u>\$ 6,351,695</u>	38.9

General Fund Budgetary Highlights

Reference is made to page 52, which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were \$6,418,088 more than planned primarily due to the sale of the George Washington School. Real property tax receipts were consistent with the amount budgeted.
- Actual expenditures were \$5,065,865 million less than budget primarily due to reduced spending as a result of COVID-19.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

At June 30, 2020, the District's unassigned fund balance was \$3,891,963, which was within the allowable 4% of the subsequent year's budget (\$118,368,080) as promulgated by New York State (see page 58). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2020:

Unassigned fund balance, beginning of year	\$ 2,147,296
Add:	
Prior-year appropriated fund balance	4,100,000
Prior-year encumbrances	1,509,455
Board approved transfer from Workers' Compensation Reserve	200,000
Net change in fund balance	7,055,074
Less:	
Current-year appropriated fund balance	(4,000,000)
Interest allocated to Employee Benefit Accrued Liability Reserve	(15,103)
Interest allocated to Unemployment Insurance Reserve	(4,084)
Interest allocated to Retirement Contributions Reserve	(2,099)
Interest allocated to Workers' Compensation Reserve	(4,532)
Board approved transfer to Tax Reduction Reserve	(5,232,000)
Current-year encumbrances	<u>(1,862,044)</u>
Unassigned fund balance, end of year	<u><u>\$ 3,891,963</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had invested \$36,490,639 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 \$1,280,896 for the improvements being made to District-wide buildings.

Table A-9: Capital Assets (net of depreciation)

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 276,650	\$ 230,750	\$ (45,900)	(16.6)
Construction-in-progress	20,200,849	21,481,745	1,280,896	6.3
Land improvements	173,049	160,961	(12,088)	(7.0)
Buildings and building improvements	11,024,889	10,947,306	(77,583)	(0.7)
Furniture and equipment	<u>3,156,580</u>	<u>3,669,877</u>	<u>513,297</u>	16.3
Totals	<u><u>\$ 34,832,017</u></u>	<u><u>\$ 36,490,639</u></u>	<u><u>\$ 1,658,622</u></u>	4.8

Long-Term Liabilities

At year-end, the District had \$236,762,419 in serial bonds, installment purchase debt and other long-term liabilities. In August 2019, the District issued \$891,052 in installment purchase debt. The proceeds of the installment debt is to be used to pay for buses. Pursuant to local finance law the District is not allowed to contract indebtedness in excess of 10% of the average full valuation.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Table A-10: Outstanding Long-Term Liabilities

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 17,072,920	\$ 16,162,392	\$ (910,528)	(5.3)
Installment purchase debt payable	6,080,374	6,057,591	(22,783)	(0.4)
Workers' compensation claims payable	1,586,978	1,580,461	(6,517)	(0.4)
Other post-employment benefits	211,538,029	207,079,309	(4,458,720)	(2.1)
Compensated absences	<u>5,997,265</u>	<u>5,882,666</u>	<u>(114,599)</u>	(1.9)
Totals	<u>\$ 242,275,566</u>	<u>\$ 236,762,419</u>	<u>\$ (5,513,147)</u>	(2.3)

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:

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The extent of the impact of COVID-19 on the District’s operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- 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 2020-2021 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs, retirement costs, workers’ compensation judgments, and potential unemployment insurance claims, which are beyond the District’s control.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2019-2020 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State’s unfunded mandates, it is expected that reductions may be necessary. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The New York State Division of Budget has announced that 20% of most local aid payments will be withheld beginning in August 2020, and these withholdings may be converted to permanent reductions depending on the size and timing of new federal aid.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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, 2020

ASSETS	
Unrestricted cash	\$ 11,750,730
Receivables:	
State and federal aid	3,360,469
Due from fiduciary funds	638,786
Due from other governments	1,908,596
Other	76,572
Inventories	13,445
Restricted cash	11,852,737
Proportionate share of net pension asset	7,744,384
Capital assets:	
Non-depreciable	21,712,495
Depreciable, net	<u>14,778,144</u>
Total assets	<u>73,836,358</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from OPEB	605,746
Deferred outflows from pensions	<u>30,973,384</u>
Total deferred outflows of resources	<u>31,579,130</u>
LIABILITIES	
Accounts payable	898,692
Accrued interest payable	286,549
Due to other governments	104
Due to fiduciary funds	560,451
Due to teachers' retirement system	4,840,355
Due to employees' retirement system	414,512
Compensated absences	123,103
Retainage	284,278
Long-term liabilities, due within one year:	
Bond payable, net	910,528
Installment purchase debt payable	923,171
Long-term liabilities, due after one year:	
Bond payable, net	15,251,864
Installment purchase debt payable	5,134,420
Workers' compensation claims payable	1,580,461
Compensated absences	5,882,666
Proportionate share of net pension liability	8,846,280
Total OPEB liability	<u>207,079,309</u>
Total liabilities	<u>253,016,743</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	10,647,563
Deferred inflows from OPEB	25,331,205
Deferred inflows from grants received in advance	<u>75,896</u>
Total deferred inflows of resources	<u>36,054,664</u>
NET POSITION	
Net investment in capital assets	14,683,389
Restricted:	
Retirement Contributions	483,271
Workers' Compensation	843,570
Tax Reduction	5,232,000
Unemployment Insurance	940,485
Employee Benefit Accrued Liability	3,477,134
Unrestricted (deficit)	<u>(209,315,768)</u>
Total net position (deficit)	<u>\$ (183,655,919)</u>

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, 2020**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Functions and programs:				
General support	\$ 14,598,919	\$ 109,564	\$ 351,798	\$ (14,137,557)
Instruction	100,603,351	755,025	2,424,293	(97,424,033)
Pupil transportation	7,432,610	55,781	179,108	(7,197,721)
Debt service - interest	1,474,697	-	-	(1,474,697)
School lunch program	1,219,500	392,419	903,112	76,031
Total functions and programs	<u>\$ 125,329,077</u>	<u>\$ 1,312,789</u>	<u>\$ 3,858,311</u>	<u>(120,157,977)</u>
General revenues:				
Real property taxes				65,393,976
Other tax items				12,764,799
Use of money and property				217,146
Sale of property and compensation for loss				5,314,043
State sources				30,134,516
Federal sources - medicaid assistance				59,402
Miscellaneous				3,072,232
Total general revenues				<u>116,956,114</u>
Change in net position				(3,201,863)
Total net position, beginning of year				<u>(180,454,056)</u>
Total net position, end of year				<u>\$ (183,655,919)</u>

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, 2020**

	Special Revenue Funds				Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	
ASSETS					
Unrestricted cash	\$ 10,302,253	\$ -	\$ 1,448,477	\$ -	\$ 11,750,730
Receivables:					
State and federal aid	873,355	2,388,007	99,107	-	3,360,469
Due from other funds	2,504,246	47,762	-	-	2,552,008
Due from fiduciary funds	638,786	-	-	-	638,786
Due from other governments	1,908,596	-	-	-	1,908,596
Other	76,572	-	-	-	76,572
Inventories	-	-	13,445	-	13,445
Restricted cash	10,976,460	255,861	-	620,416	11,852,737
Total assets	<u>\$ 27,280,268</u>	<u>\$ 2,691,630</u>	<u>\$ 1,561,029</u>	<u>\$ 620,416</u>	<u>\$ 32,153,343</u>
LIABILITIES					
Payables:					
Accounts payable	\$ 886,524	\$ -	\$ 12,168	\$ -	\$ 898,692
Due to other governments	-	-	104	-	104
Due to other funds	285,307	2,055,283	3,735	207,683	2,552,008
Due to fiduciary funds	-	560,451	-	-	560,451
Due to teachers' retirement system	4,840,355	-	-	-	4,840,355
Due to employees' retirement system	414,512	-	-	-	414,512
Compensated absences	123,103	-	-	-	123,103
Total liabilities	<u>6,549,801</u>	<u>2,615,734</u>	<u>16,007</u>	<u>207,683</u>	<u>9,389,225</u>
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	-	75,896	-	-	75,896
Total deferred inflows of resources	<u>-</u>	<u>75,896</u>	<u>-</u>	<u>-</u>	<u>75,896</u>
Total liabilities and deferred inflows of resources	<u>6,549,801</u>	<u>2,691,630</u>	<u>16,007</u>	<u>207,683</u>	<u>9,465,121</u>
FUND BALANCE					
Fund balance:					
Nonspendable	-	-	13,445	-	13,445
Restricted	10,976,460	-	-	412,733	11,389,193
Assigned	5,862,044	-	1,531,577	-	7,393,621
Unassigned	3,891,963	-	-	-	3,891,963
Total fund balance	<u>20,730,467</u>	<u>-</u>	<u>1,545,022</u>	<u>412,733</u>	<u>22,688,222</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 27,280,268</u>	<u>\$ 2,691,630</u>	<u>\$ 1,561,029</u>	<u>\$ 620,416</u>	<u>\$ 32,153,343</u>

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, 2020**

Total Fund Balance - Governmental Funds \$ 22,688,222

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	\$ 21,712,495	
Depreciable	76,997,491	
Accumulated depreciation	<u>(62,219,347)</u>	36,490,639

Proportionate share of long-term asset and liability, and deferred outflows and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the governmental funds:

Deferred outflows of resources - pension related	30,973,384	
Proportionate share of net pension asset	7,744,384	
Proportionate share of net pension liability	(8,846,280)	
Deferred inflows of resources - pension related	<u>(10,647,563)</u>	19,223,925

Long-term liability, deferred outflows and deferred inflows of resources associated with OPEB and are not current financial resources or obligations and are not reported in the governmental funds:

Deferred outflows of resources - OPEB related	605,746	
Deferred inflows of resources - OPEB related	(25,331,205)	
Total OPEB liability	<u>(207,079,309)</u>	(231,804,768)

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:

Bonds payable, net	(16,162,392)	
Retainage payable	(284,278)	
Installment purchase debt payable	(6,057,591)	
Workers' compensation claims payable	(1,580,461)	
Compensated absences	<u>(5,882,666)</u>	(29,967,388)

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.

(286,549)

Net Position - Governmental Activities

\$ (183,655,919)

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, 2020

	Special Revenue Funds				Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	
REVENUES					
Real property taxes	\$ 65,393,976	\$ -	\$ -	\$ -	\$ 65,393,976
Other tax items	12,764,799	-	-	-	12,764,799
Charges for services	920,370	-	-	-	920,370
Use of money and property	215,660	-	15,536	1,486	232,682
Sale of property and compensation for loss	5,314,043	-	-	-	5,314,043
State sources	30,134,516	1,429,697	34,277	-	31,598,490
Federal sources	59,402	1,525,502	868,835	-	2,453,739
Sales	-	-	376,883	-	376,883
Miscellaneous	2,946,054	7,874	-	-	2,953,928
Total revenues	117,748,820	2,963,073	1,295,531	1,486	122,008,910
EXPENDITURES					
Current:					
General support	10,486,061	-	-	-	10,486,061
Instruction	63,343,093	2,918,143	-	-	66,261,236
Pupil transportation	4,868,216	252,692	-	-	5,120,908
Employee benefits	28,321,184	-	-	-	28,321,184
Cost of sales	-	-	1,219,500	-	1,219,500
Capital outlay	-	-	-	2,171,948	2,171,948
Debt service:					
Principal	1,813,835	-	-	-	1,813,835
Interest	1,271,899	-	-	-	1,271,899
Total expenditures	110,104,288	3,170,835	1,219,500	2,171,948	116,666,571
Excess (deficiency) of revenues over (under) expenditures	7,644,532	(207,762)	76,031	(2,170,462)	5,342,339
OTHER FINANCING SOURCES (USES)					
Issuance of installment purchase debt	-	-	-	891,052	891,052
Premium on tax anticipation note issuance	118,304	-	-	-	118,304
Transfers in	-	207,762	-	500,000	707,762
Transfers out	(707,762)	-	-	-	(707,762)
Total other financing sources (uses)	(589,458)	207,762	-	1,391,052	1,009,356
Change in fund balance	7,055,074	-	76,031	(779,410)	6,351,695
Fund balance, beginning of year	13,675,393	-	1,468,991	1,192,143	16,336,527
Fund balance, end of year	<u>\$ 20,730,467</u>	<u>\$ -</u>	<u>\$ 1,545,022</u>	<u>\$ 412,733</u>	<u>\$ 22,688,222</u>

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, 2020**

Net Change in Fund Balance - Governmental Funds	\$	6,351,695
<p>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:</p>		
Capital outlay	\$ 2,513,369	
Depreciation expense	(808,847)	
Retirement of non-depreciable capital assets	<u>(45,900)</u>	1,658,622
<p>Amortization of bond premium on bond issuances do not affect the governmental funds, but are recorded in the Statement of Activities.</p>		
		10,528
<p>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.</p>		
Repayment of bond principal	900,000	
Issuance of installment purchase debt payable	(891,052)	
Repayment of installment purchase debt payable	<u>913,835</u>	922,783
<p>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:</p>		
Workers' compensation claims payable	6,517	
Compensated absences	114,599	
Retainage payable	(270,256)	
Accrued interest costs	<u>(213,326)</u>	(362,466)
<p>Changes in the total OPEB liability and deferred inflows of resources and deferred outflows 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.</p>		
Total OPEB liability	4,458,720	
Deferred inflows of resources from OPEB	(10,131,416)	
Deferred outflows of resources from OPEB	<u>605,746</u>	(5,066,950)
<p>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.</p>		
Proportionate share of net pension asset	2,274,621	
Deferred outflows of resources from pensions	400,674	
Proportionate share of net pension liability	(6,504,197)	
Deferred inflows of resources from pensions	<u>(2,887,173)</u>	<u>(6,716,075)</u>
Net Change in Net Position - Governmental Activities	\$	<u><u>(3,201,863)</u></u>

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, 2020

	Scholarship Trusts	Agency Funds
ASSETS		
Cash:		
Unrestricted	\$ -	\$ 156,524
Restricted	5,480	170,734
Due from governmental funds	-	560,451
Total assets	\$ 5,480	\$ 887,709
LIABILITIES		
Due to governmental funds	\$ -	\$ 638,786
Extraclassroom activity balances	-	170,734
Other liabilities	-	78,189
Total liabilities	-	\$ 887,709
NET POSITION		
Restricted:		
Endowment scholarships	5,480	
Total net position	5,480	
Total liabilities and net position	\$ 5,480	

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, 2020**

	Scholarship Trusts
ADDITIONS	
Contributions	\$ 1,882
Investment earnings:	
Interest	11
Total additions	1,893
DEDUCTIONS	
Scholarships and awards	1,500
Total deductions	1,500
Change in net position	393
Net position, beginning of year	5,087
Net position, end of year	\$ 5,480

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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 \$7,974,903 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,905,801.

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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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,

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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 10 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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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. The District could have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents 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. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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 could have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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, 2020, the District does not have any outstanding TAN's, BAN's or deficiency notes.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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 \$13,445.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Tax Reduction

According to Education Law §1604, permits the District to retain the proceeds from the sale of school district real property that are not needed to pay any debts. The proceeds are used to reduce real property taxes over a period not to exceed ten years. It may be established and expended without voter approval. This reserve was established in the current year with the sale of an elementary school building.

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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, 2020.
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, 2020 were distributed as follows:

	General	School Lunch	Capital Projects	Total Governmental Funds
Nonspendable:				
Inventory	\$ -	\$ 13,445	\$ -	\$ 13,445
Total nonspendable	-	13,445	-	13,445
Restricted:				
Tax Reduction	5,232,000	-	-	5,232,000
Employee Benefit Accrued Liability	3,477,134	-	-	3,477,134
Unemployment Insurance	940,485	-	-	940,485
Retirement Contributions	483,271	-	-	483,271
Workers' Compensation	843,570	-	-	843,570
Capital Projects	-	-	412,733	412,733
Total restricted	10,976,460	-	412,733	11,389,193
Assigned:				
Appropriated for subsequent year's expenditures	4,000,000	-	-	4,000,000
Encumbrances	1,862,044	15,206	-	1,877,250
Food Service Operations	-	1,516,371	-	1,516,371
Total assigned	5,862,044	1,531,577	-	7,393,621
Unassigned	3,891,963	-	-	3,891,963
Total	\$ 20,730,467	\$ 1,545,022	\$ 412,733	\$ 22,688,222

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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. 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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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.

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

The District's aggregate bank balances, including 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	\$ 23,665,031
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 \$11,852,737 in the governmental funds and \$176,214 in the fiduciary funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible item.

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

5. RECEIVABLES

A. State and federal aid receivables

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

General Fund:

New York State aid - Excess Cost Aid	\$ 873,355
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Special Aid Fund:

State and Federal grants	2,388,007
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School Lunch Fund:

School breakfast and lunch reimbursement	<u>99,107</u>
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	<u><u>\$ 3,360,469</u></u>
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B. Due from other governments

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

General Fund:

BOCES aid	\$ 897,585
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Foster tuition	809,459
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PILOT	<u>201,552</u>
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	<u><u>\$ 1,908,596</u></u>
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C. Other receivables

Other receivables at June 30, 2020, consisted of the following:

General Fund:

Various receivables	<u><u>\$ 76,572</u></u>
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The District has deemed the amounts to be fully collectible.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 276,650	\$ -	\$ (45,900)	\$ 230,750
Construction-in-progress	20,200,849	1,280,896	-	21,481,745
Total nondepreciable assets	<u>20,477,499</u>	<u>1,280,896</u>	<u>(45,900)</u>	<u>21,712,495</u>
Capital assets that are depreciated:				
Land improvements	2,207,009	22,610	(99,778)	2,129,841
Buildings and building improvements	65,317,712	13,813	(2,427,043)	62,904,482
Furniture and equipment	10,767,118	1,196,050	-	11,963,168
Total depreciable assets	<u>78,291,839</u>	<u>1,232,473</u>	<u>(2,526,821)</u>	<u>76,997,491</u>
Less accumulated depreciation:				
Land improvements	2,033,960	34,698	(99,778)	1,968,880
Buildings and building improvements	54,292,823	91,396	(2,427,043)	51,957,176
Furniture and equipment	7,610,538	682,753	-	8,293,291
Total accumulated depreciation	<u>63,937,321</u>	<u>808,847</u>	<u>(2,526,821)</u>	<u>62,219,347</u>
Total capital assets, net	<u>\$ 34,832,017</u>	<u>\$ 1,704,522</u>	<u>\$ (45,900)</u>	<u>\$ 36,490,639</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 76,749
Instruction	685,926
Pupil transportation	46,172
	<u>\$ 808,847</u>

7. SHORT-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured on 6/25/20 at 2.00%	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -

Interest on short-term debt for the year was \$352,222.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

8. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 16,915,000	\$ -	\$ 900,000	\$ 16,015,000	\$ 900,000
Unamortized bond premiums	157,920	-	10,528	147,392	10,528
Total bonds payable, net	17,072,920	-	910,528	16,162,392	910,528
Installment purchase debt payable	6,080,374	891,052	913,835	6,057,591	923,171
Workers' compensation claims payable	1,586,978	720,572	727,089	1,580,461	-
Other post-employment benefits	211,538,029	16,145,041	20,603,761	207,079,309	-
Compensated absences	5,997,265	-	114,599	5,882,666	123,103
Total long-term liabilities	<u>\$ 242,275,566</u>	<u>\$ 17,756,665</u>	<u>\$ 23,269,812</u>	<u>\$ 236,762,419</u>	<u>\$ 1,956,802</u>

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 6/30/20
Installment purchase debt	04/19/11	08/15/26	3.24%	\$ 5,351,688
Installment purchase debt	08/23/19	09/15/23	2.215%	705,903
Serial bond	08/09/18	08/01/33	2.00-3.00%	16,015,000
				<u>\$ 22,072,591</u>

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

Year Ended June 30,	Installment Purchase Debt		Bonds Payable		Total
	Principal	Interest	Principal	Interest	
2021	\$ 923,171	\$ 182,742	\$ 900,000	\$ 466,950	\$ 2,472,863
2022	951,493	154,419	950,000	439,200	2,495,112
2023	980,700	125,213	1,050,000	409,200	2,565,113
2024	1,010,819	95,095	1,050,000	377,700	2,533,614
2025	855,523	64,034	1,075,000	345,825	2,340,382
2026-2030	1,335,885	43,451	5,890,000	1,215,000	8,484,336
2031-2034	-	-	5,100,000	307,950	5,407,950
	<u>\$ 6,057,591</u>	<u>\$ 664,954</u>	<u>\$ 16,015,000</u>	<u>\$ 3,561,825</u>	<u>\$ 26,299,370</u>

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

Interest paid	\$	919,677
Less interest accrued in the prior year		(73,223)
Less amortization of bond premium		(10,528)
Plus interest accrued in the current year		286,549
Interest expense	\$	1,122,475

9. 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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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:

Year	NYSTRS		NYSERS	
	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll
2020	\$ 5,284,085	10.32%	\$ 1,501,715	12.61%
2019	4,828,630	9.55%	1,409,376	12.99%
2018	5,639,636	11.27%	1,433,075	13.89%

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, 2020 for NYSERS and June 30, 2019 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, 2020, the District reported the following for its proportionate share of the net pension asset (liability) for each of the Systems:

	NYSERS	NYSTRS
Measurement date	March 31, 2020	June 30, 2019
Net pension asset (liability)	\$ (8,846,280)	\$ 7,744,384
District's portion of the Plans' total net position asset (liability)	0.0334067%	0.2980890%

For the year ended June 30, 2020, the District recognized pension expense of \$3,151,146 for NYSERS and pension expense of \$9,631,263 for NYSTRS. At June 30, 2020, the District's

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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	\$ 520,639	\$ -	\$ 5,248,172	\$ 575,888
Changes of assumptions	178,122	153,806	14,630,178	3,567,251
Net difference between projected and actual earnings on pension plan investments	4,535,033	-	-	6,210,597
Changes in proportion and differences between the District's contributions and proportionate share of contributions	320,682	13,536	524,616	126,485
Employer contributions made subsequent to the measurement date	414,512	-	4,601,430	-
Total	<u>\$ 5,968,988</u>	<u>\$ 167,342</u>	<u>\$ 25,004,396</u>	<u>\$ 10,480,221</u>

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>NYSERS</u>	<u>NYSTRS</u>
<u>For the year ended June 30,:</u>		
2021	\$ 961,462	\$ 3,557,668
2022	1,361,936	276,316
2023	1,702,031	3,544,969
2024	1,361,705	2,407,764
2025	-	340,287
Thereafter	-	(204,259)

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	*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%	2.20%

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

<u>Service</u>	<u>Rate</u>
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-2018. 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 MP-2018.

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

The long-term rate of return on pension plan investments was determined 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:

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2020		June 30, 2019	
Asset Type:				
Absolute return strategies	2.00%	3.25%	-	-
Bonds and mortgages	17.00%	0.75%	-	-
Cash	1.00%	0.00%	1.00%	0.30%
Domestic equities	36.00%	4.05%	33.00%	6.30%
Domestic fixed income	-	-	16.00%	1.30%
Global equities	-	-	4.00%	7.20%
Global fixed income	-	-	2.00%	0.90%
High-yield fixed income	-	-	1.00%	3.60%
Inflation-indexed bonds	4.00%	0.50%	-	-
International equity	14.00%	6.15%	16.00%	7.80%
Opportunistic portfolio	3.00%	4.65%	-	-
Private debt	-	-	1.00%	6.50%
Private equity	10.00%	6.75%	8.00%	9.90%
Real assets	3.00%	5.95%	-	-
Real estate debt	-	-	7.00%	2.90%
Real estate equities	10.00%	4.95%	11.00%	4.60%
	100.00%		100.00%	

Discount rate

The discount rate used to calculate the total pension liability was 6.80% for NYSERS and 7.10% 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 6.80% for NYSERS and 7.10% 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 (5.80% for NYSERS and 6.10% for NYSTRS) or 1-percentage point higher (7.80% for NYSERS and 8.10% for NYSTRS) than the current rate:

	1% Decrease (5.80%)	Current assumption (6.80%)	1% Increase (7.80%)
<u>NYSERS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ (16,235,421)	\$ (8,846,280)	\$ (2,040,849)
		Current assumption	
<u>NYSTRS</u>	1% Decrease (6.10%)	(7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset/(liability)	\$ (34,957,343)	\$ 7,744,384	\$ 43,566,315

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Measurement date	March 31, 2020	June 30, 2019	
Employers' total pension liability	\$ 194,596,261	\$ 119,879,473	\$ 314,475,734
Plan net position	<u>168,115,682</u>	<u>122,477,480</u>	<u>290,593,162</u>
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>	<u>\$ 23,882,572</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.17%	92.41%

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$414,512.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2020 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, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$4,840,355.

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 3,143,032	\$ 285,307	\$ -	\$ 707,762
Special Aid Fund	47,762	2,615,734	207,762	-
School Lunch Fund	-	3,735	-	-
Capital Projects Fund	-	207,683	500,000	-
Fiduciary Funds	560,451	638,786	-	-
Totals	<u>\$ 3,751,245</u>	<u>\$ 3,751,245</u>	<u>\$ 707,762</u>	<u>\$ 707,762</u>

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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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.

11. 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, 2019, 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	595
Active plan members	<u>384</u>
Total plan members	<u><u>979</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$207,079,309 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, 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	2.60% average, including inflation
Discount rate	2.21%
Healthcare cost trend rates	6.6% scaling down to 4.1% over 56 years

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Retirees' share of benefit-related costs 0% to 8% of projected health insurance premiums for retirees

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

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

C. Changes in the total OPEB liability

Balance as of June 30, 2019	\$ 211,538,029
<u>Changes for the year -</u>	
Service cost	7,825,926
Interest	7,589,747
Change of benefit terms	(8,538)
Differences between expected and actual experience	729,368
Change in assumptions or other inputs	(15,523,524)
Benefit payments	<u>(5,071,699)</u>
 Net changes	 <u>(4,458,720)</u>
 Balance as of June 30, 2020	 <u>\$ 207,079,309</u>

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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	<u>1% Decrease (1.21%)</u>	<u>Current assumption (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability as of June 30, 2020	\$ 245,067,444	\$ 207,079,309	\$ 176,827,405

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 (5.60%) or one percentage point higher (7.60%) than the current discount rate:

	<u>1% Decrease (5.60% decreasing to 3.10%)</u>	<u>Current assumption (6.60% decreasing to 4.10%)</u>	<u>1% Increase (7.60% decreasing to 5.10%)</u>
Total OPEB liability as of June 30, 2020	\$ 174,189,681	\$ 207,079,309	\$ 250,220,211

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$15,415,673. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from differences between expected and actual experience and changes of assumptions of \$25,331,205. The District reported deferred outflows of resources related to OPEB from differences between expected and actual experience of \$605,746.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected experience and actual experience	\$ 605,746	\$ 142,732
Changes of assumptions	-	25,188,473
Total	\$ 605,746	\$ 25,331,205

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

<u>For the year ended June 30.:</u>	
2021	\$ (5,268,486)
2022	(5,268,486)
2023	(5,268,486)
2024	(5,268,486)
2025	(3,651,515)

12. 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 \$1,580,461.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

13. 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, 2019 at 1.02% (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, 2020, 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.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

14. 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 receives Payment in Lieu of Tax (PILOT) payments to compensate the District for any tax reductions from these tax abatement programs.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

15. 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:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 84	Fiduciary Activities	June 30, 2021
Statement No. 87	Leases	June 30, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2022
Statement No. 90	Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61	June 30, 2022
Statement No. 91	Conduit Debt Obligations	June 30, 2023

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 14, 2020 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**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, 2020**

	Original Budget	Revised Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 64,600,727	\$ 65,393,950	\$ 65,393,976		\$ 26
Other tax items	12,724,142	11,930,919	12,764,799		833,880
Charges for services	740,000	740,000	920,370		180,370
Use of money and property	129,881	129,881	215,660		85,779
Sale of property and compensation for loss	100	100	5,314,043		5,313,943
Miscellaneous	2,585,000	2,585,000	2,946,054		361,054
Total local sources	80,779,850	80,779,850	87,554,902		6,775,052
State sources	30,455,882	30,455,882	30,134,516		(321,366)
Federal sources	95,000	95,000	59,402		(35,598)
Total revenues	111,330,732	111,330,732	117,748,820		6,418,088
OTHER FINANCING SOURCES					
Premium on bond issuance	280,000	280,000	118,304		(161,696)
Prior year encumbrances	1,509,455	1,509,455	-		N/A
Appropriated reserves	4,420,000	4,620,000	-		N/A
Total revenues and other financing sources	117,540,187	117,740,187	117,867,124		<u>\$ 6,256,392</u>
EXPENDITURES					
General support:					
Board of Education	88,586	90,603	76,070	\$ 940	\$ 13,593
Central administration	324,575	326,970	326,277	515	178
Finance	1,235,453	1,319,376	1,237,313	68,517	13,546
Staff	639,001	625,822	600,691	8,751	16,380
Central services	8,337,753	8,387,515	7,278,621	760,914	347,980
Special items	1,059,420	1,059,420	967,089	29,891	62,440
Total general support	11,684,788	11,809,706	10,486,061	869,528	454,117
Instruction:					
Instruction, administration and improvement	4,615,407	5,217,625	5,138,137	17,341	62,147
Teaching - regular school	32,475,745	32,759,404	32,233,890	149,875	375,639
Programs for children with handicapping conditions	18,036,524	17,856,058	16,688,788	633,230	534,040
Teaching - special school	156,502	146,782	114,429	-	32,353
Instructional media	2,671,072	2,493,429	2,448,732	32,648	12,049
Pupil services	7,858,201	7,167,736	6,719,117	44,258	404,361
Total instruction	65,813,451	65,641,034	63,343,093	877,352	1,420,589
Pupil transportation	4,932,737	5,124,645	4,868,216	114,974	141,455
Employee benefits	31,242,055	31,355,656	28,321,184	190	3,034,282
Debt service:					
Principal	1,888,686	1,816,480	1,813,835	-	2,645
Interest	1,318,470	1,284,676	1,271,899	-	12,777
Total expenditures	116,880,187	117,032,197	110,104,288	1,862,044	5,065,865
OTHER FINANCING USES					
Interfund transfers out	660,000	707,990	707,762	-	228
Total expenditures and other financing uses	117,540,187	117,740,187	110,812,050	<u>\$ 1,862,044</u>	<u>\$ 5,066,093</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,055,074		
Fund balance, beginning of year			13,675,393		
Fund balance, end of year			<u>\$ 20,730,467</u>		

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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:			
Service cost	\$ 7,825,926	\$ 8,827,845	\$ 8,570,723
Interest	7,589,747	6,753,906	6,447,605
Changes in benefit terms	(8,538)	-	-
Differences between expected and actual experience	729,368	-	(228,370)
Changes of assumptions or other inputs	(15,523,524)	(17,760,967)	-
Benefit payments	<u>(5,071,699)</u>	<u>(5,132,273)</u>	<u>(4,546,148)</u>
Net change in total OPEB liability	(4,458,720)	(7,311,489)	10,243,810
Total OPEB liability - beginning of year	<u>211,538,029</u>	<u>218,849,518</u>	<u>208,605,708</u>
Total OPEB liability - end of year	<u>\$ 207,079,309</u>	<u>\$ 211,538,029</u>	<u>\$ 218,849,518</u>
Covered payroll	\$ 37,791,911	\$ 52,468,704	\$ 52,468,704
Total OPEB liability as a percentage of covered payroll	547.95%	403.17%	417.10%

Note to Required Supplementary Information

Ten years of historical information was 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 school 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 SEVEN FISCAL YEARS
(Dollar amounts in thousands)**

	(B) 2020	2019	2018	2017	(A) 2016	2015	2014
District's proportionate share of the net pension liability	0.03341%	0.03306%	0.03320%	0.03309%	0.34160%	0.33999%	0.33999%
District's proportionate share of the net pension liability	\$ (8,846)	\$ (2,342)	\$ (1,072)	\$ (3,109)	\$ (5,483)	\$ (1,149)	\$ (1,536)
District's covered payroll	\$ 11,583	\$ 9,957	\$ 10,197	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
District's proportionate share of the net pension liability as a percentage of covered payroll	-76.37%	-23.52%	-10.51%	-31.72%	-57.27%	-12.16%	-16.29%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

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

(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.

(B) - The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. 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.

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

	<u>(C)</u> <u>2020</u>	<u>2019</u>	<u>(B)</u> <u>2018</u>	<u>(A)</u> <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportionate share of the net pension asset (liability)	0.29809%	0.30365%	0.30365%	0.30662%	0.30253%	0.30687%	0.30582%
District's proportionate share of the net pension asset (liability)	\$ 7,744	\$ 5,470	\$ 2,308	\$ (3,284)	\$ 31,424	\$ 34,184	\$ 2,013
District's covered payroll	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088	\$ 41,674
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.32%	10.93%	4.31%	-5.47%	74.78%	103.31%	4.83%
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

(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 asset was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(C) - The discount rate used to calculate the total pension asset was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. 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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,502	\$ 1,409	\$ 1,433	\$ 1,455	\$ 1,673	\$ 1,827	\$ 2,033
Contributions in relation to the contractually required contribution	<u>1,502</u>	<u>1,409</u>	<u>1,433</u>	<u>1,455</u>	<u>1,673</u>	<u>1,827</u>	<u>2,033</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	\$ 11,905	\$ 10,853	\$ 10,321	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
Contributions as a percentage of covered payroll	12.61%	12.99%	13.89%	14.85%	17.47%	19.33%	21.57%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. 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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,284	\$ 4,829	\$ 5,640	\$ 6,274	\$ 7,966	\$ 7,366	\$ 5,377
Contributions in relation to the contractually required contribution	<u>5,284</u>	<u>4,829</u>	<u>5,640</u>	<u>6,274</u>	<u>7,966</u>	<u>7,366</u>	<u>5,377</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	\$ 51,205	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088
Contributions as a percentage of covered-employee payroll	10.32%	9.55%	11.27%	11.72%	13.26%	17.53%	16.25%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. 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.

**OTHER
SUPPLEMENTARY
INFORMATION**

**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, 2020**

Change from adopted budget to revised budget:

Adopted budget		\$ 116,030,732
Add:		
Prior year's encumbrances		<u>1,509,455</u>
Original budget		117,540,187
Supplemental appropriations:		
Transfer from Workers' compensation reserve for appropriations		<u>200,000</u>
Revised budget		<u><u>\$ 117,740,187</u></u>

§ 1318 of the real property tax law limit calculation:

2020-2021 voter-approved expenditure budget		<u><u>\$ 118,368,080</u></u>
Maximum allowed (4% of 2020-2021 budget)		<u><u>\$ 4,734,723</u></u>

Fund Balance Subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 5,862,044	
Unassigned fund balance	<u>3,891,963</u>	\$ 9,754,007
Less:		
Appropriated fund balance	4,000,000	
Encumbrances	<u>1,862,044</u>	<u>5,862,044</u>

Fund Balance Subject to § 1318 of Real Property Tax Law		<u><u>\$ 3,891,963</u></u>
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Actual percentage		<u><u>3.29%</u></u>
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**OTHER
SUPPLEMENTARY
INFORMATION**

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2020
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
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	-	-	-	-	-	-	-	-	-	-
Adams Security/Parking lot	136,664	131,327	131,327	-	131,327	-	-	-	131,327	131,327	-
Kennedy Security	19,311	17,214	17,214	-	17,214	-	-	-	17,214	17,214	-
Lincoln Security	19,299	715	715	-	715	-	-	-	715	715	-
May Moore Security/Parking lot	145,981	141,652	141,652	-	141,652	-	-	-	141,652	141,652	-
High School Security/Sidewalks	250,331	170,594	170,594	-	170,594	-	-	-	170,594	170,594	-
Frost Security	19,331	15,698	15,698	-	15,698	-	-	-	15,698	15,698	-
High School Auditorium	25,321	22,905	22,905	-	22,905	-	-	-	22,905	22,905	-
High School Roof	271,624	189,725	189,725	-	189,725	-	-	-	189,725	189,725	-
Transportation Roof	53,188	1,663	1,663	-	1,663	-	-	-	1,663	1,663	-
High School Parking Lot	2,853	192,997	192,997	-	192,997	-	-	-	192,997	192,997	-
High School Pool Regrouting/Construction	60,000	48,373	48,373	-	48,373	-	-	-	48,373	48,373	-
Kennedy Asbestos Removal	90,000	322,531	322,531	-	322,531	-	-	-	322,531	322,531	-
JQA Public Announcement System	25,000	20,582	20,582	-	20,582	-	-	-	20,582	20,582	-
Frost Family and Consumer Room	200,000	305,486	305,486	-	305,486	-	-	-	305,486	305,486	-
Phase 1 May Moore Improvements	1,056,428	1,056,428	1,056,428	-	1,056,428	-	1,056,428	-	-	1,056,428	-
Phase 1 Robert Frost Improvements	410,616	410,616	410,616	-	410,616	-	410,616	-	-	410,616	-
Phase 1 High School Improvements	1,429,515	1,429,515	1,429,515	-	1,429,515	-	1,429,515	-	-	1,429,515	-
Phase 2 Memorial	1,170,719	1,170,719	1,170,719	-	1,170,719	-	1,170,719	-	-	1,170,719	-
Phase 2 May Moore Improvements	918,459	918,459	918,459	-	918,459	-	918,459	-	-	918,459	-
Phase 2 JQA Improvements	638,262	638,262	638,262	-	638,262	-	638,262	-	-	638,262	-
Phase 2 High School Improvements	842,621	913,311	842,621	62,363	904,984	8,327	904,984	-	-	904,984	-
Phase 2 JFK Improvements	3,339,398	3,339,398	3,339,398	-	3,339,398	-	3,339,398	-	-	3,339,398	-
Phase 2 Robert Frost Improvements	5,380,040	5,457,133	5,380,040	37,396	5,417,436	39,697	5,417,436	-	-	5,417,436	-
JFK Library Improvements	194,114	194,114	194,114	-	194,114	-	194,114	-	-	194,114	-
JQA Roof	1,314,401	1,314,401	1,314,401	-	1,314,401	-	1,314,401	-	-	1,314,401	-
JQA Canopy and Asphalt	268,000	968,367	968,367	-	968,367	-	-	-	968,367	968,367	-
May Moore Canopy	67,000	124,805	124,805	-	124,805	-	-	-	124,805	124,805	-
JFK Paving	65,000	65,000	65,000	-	65,000	-	-	-	65,000	65,000	-
Heat Exchange Upgrades	100,000	100,000	67,000	-	67,000	33,000	-	-	67,000	67,000	-
Smart School Bond Project	88,622	1,008,489	978,431	-	978,431	30,058	-	978,431	-	978,431	-
Lincoln Emergency Boiler Replacement	484,765	488,686	488,686	-	488,686	-	211,586	-	277,100	488,686	-
JFK Asbestos Abatement	2,107	2,107	2,107	-	2,107	-	-	-	2,107	2,107	-
May Moore Asbestos Abatement	2,107	2,107	2,107	-	2,107	-	-	-	2,107	2,107	-
High School Asbestos Abatement	96,475	92,894	49,811	35,343	85,154	7,740	-	-	92,894	92,894	7,740
JQA Asbestos Abatement	101,000	103,901	2,901	82,923	85,824	18,077	-	-	103,901	103,901	18,077
Robert Frost Asbestos Abatement	742	124,171	3,601	103,243	106,844	17,327	-	-	124,171	124,171	17,327
High School Improvements	1,224,097	1,264,547	279,269	948,768	1,228,037	36,510	-	-	1,264,547	1,264,547	36,510
JFK Awning	-	8,500	-	5,409	5,409	3,091	-	-	8,500	8,500	3,091
Asbestos Abatement	201,460	201,460	-	5,451	5,451	196,009	-	-	201,460	201,460	196,009
Buses	891,052	891,052	-	891,052	891,052	-	891,052	-	-	891,052	-
Unallocated Funds	12,323	12,323	-	-	-	-	-	-	12,323	12,323	12,323
Totals	\$ 22,768,243	\$ 24,512,527	\$ 21,816,764	\$ 2,171,948	\$ 23,988,712	\$ 511,492	\$ 17,896,970	\$ 978,431	\$ 5,526,044	\$ 24,401,445	\$ 412,733

**OTHER
SUPPLEMENTARY
INFORMATION**

**DEER PARK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020**

Capital assets, net		\$ 36,490,639
Add:		
Unspent bond proceeds		412,733
Deduct:		
Short-term portion of bond payable, net	\$ 910,528	
Long-term portion of bond payable, net	15,251,864	
Short-term portion of installment purchase debt payable	923,171	
Long-term portion of installment purchase debt payable	<u>5,134,420</u>	<u>22,219,983</u>
Net investment in capital assets		<u>\$ 14,683,389</u>

**DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
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**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, 2020, 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, 2020 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 14, 2020

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.

**DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACURRICULAR ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	Cash Balances June 30, 2019	Receipts	Disbursements	Cash Balances June 30, 2020
High School:				
Academic Club	\$ 14.08	\$ -	\$ -	\$ 14.08
African-American Alliance	843.67	556.47	-	1,400.14
Audio Visual	210.00	-	-	210.00
Band	1,080.85	46,402.00	46,192.45	1,290.40
Baseball Club	113.46	-	-	113.46
Best Buddies	-	910.13	-	910.13
Boys Basketball Varsity	506.55	3,840.00	4,217.00	129.55
Boys Lacrosse Varsity	914.12	-	-	914.12
Boys Soccer Varsity	318.44	7,263.00	7,434.79	146.65
Boys Swimming Varsity	52.56	-	-	52.56
Boys Track Varsity	3,926.67	50.00	650.00	3,326.67
Cheerleaders	96.11	96.03	90.00	102.14
Chorus	138.88	4,338.00	2,968.95	1,507.93
Class of 2018-2022	1,796.49	2,460.16	1,648.86	2,607.79
Class of 2019-2023	519.99	419.37	-	939.36
Class of 2016-2020	4,276.71	10,877.00	12,268.79	2,884.92
Class of 2017-2021	2,001.63	15,444.50	11,566.52	5,879.61
Community Service	812.09	-	-	812.09
Cornerstone	250.00	-	-	250.00
DECA	1,287.96	26,777.34	11,307.55	16,757.75
E-Commerce	154.71	-	-	154.71
Environmental Club	1,136.27	1,925.00	2,399.50	661.77
Falcon Academy	2,895.00	930.00	245.31	3,579.69
Fall Play	7,113.17	1,694.00	1,524.00	7,283.17
French Honor Society	260.70	276.00	528.74	7.96
Girls Basketball Varsity	1,285.37	-	1,114.44	170.93
Girls Lacrosse Varsity	636.33	134.00	-	770.33
Girls Soccer Varsity	2,031.08	11,860.00	13,123.66	767.42
Girls Track Varsity	3,206.72	-	758.87	2,447.85
GSA	269.32	-	50.00	219.32
Guitar	3,388.70	11,212.46	9,206.80	5,394.36
HEAT	1,585.26	1,049.25	-	2,634.51
Honor Society	2,081.32	1,562.00	1,234.70	2,408.62
International Culture Club	3,578.37	-	500.00	3,078.37
Italian American Club	1,695.50	300.00	800.00	1,195.50
Kickline	41.85	-	-	41.85
Marching Band	1,605.24	50.00	300.00	1,355.24
Math/Computer Club	277.84	-	108.63	169.21
Musical Productions	2,699.44	9,430.00	9,766.62	2,362.82
Newspaper	108.67	-	-	108.67
Orchestra	2,292.22	11,060.00	9,304.20	4,048.02
Patriot Club	882.57	583.00	875.50	590.07
SADD	14.31	151.00	100.00	65.31
Savings	3,202.10	-	-	3,202.10
School Store	21,716.39	18,388.50	28,387.07	11,717.82
Shakespeare Club	141.63	-	-	141.63
Softball Varsity	181.63	-	-	181.63
Spanish Honor Society	1,187.21	1,899.98	2,736.60	350.59
STEM	245.00	590.00	280.00	555.00
Student Council	3,318.71	1,795.77	2,078.00	3,036.48
Student Council (PAL)	1,346.37	2,185.90	1,957.11	1,575.16
Student Council (Scholar)	-	16,290.00	16,800.00	(510.00)
Testing Fund	30,840.87	51,694.99	43,119.00	39,416.86
Thespians	-	150.00	-	150.00
Varsity Club	2,724.21	509.63	1,400.00	1,833.84
Volleyball	13.56	-	-	13.56
Wind Ensemble	50.14	710.00	100.00	660.14
Winter Play	1,301.70	2,903.00	1,899.38	2,305.32
Yearbook	5,806.32	-	2,440.92	3,365.40
	<u>\$ 130,476.06</u>	<u>\$ 268,768.48</u>	<u>\$ 251,483.96</u>	<u>\$ 147,760.58</u>

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

**DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Cash Balances June 30, 2019	Receipts	Disbursements	Cash Balances June 30, 2020
Middle School:				
Band	\$ 1,449.55	\$ 5,339.00	\$ 6,121.99	\$ 666.56
Chorus/Orchestra	3,242.63	9,472.50	10,356.53	2,358.60
Cheerleading	95.91	6,661.27	6,757.18	-
Drama	2,392.98	-	674.38	1,718.60
General	1,140.50	1,171.89	2,059.21	253.18
Home and Careers	89.37	-	-	89.37
Kickline	699.50	-	550.27	149.23
Library	49.51	-	-	49.51
Life Skills	1,194.75	594.31	959.69	829.37
Musical	41.00	2,324.00	403.32	1,961.68
NJHS	1,421.57	-	470.16	951.41
Physical Education	451.00	-	451.00	-
Principal's Fund	462.50	10.00	-	472.50
School Store	49.32	-	-	49.32
Student Council	5,289.33	2,645.39	4,570.83	3,363.89
6 Grade - Field Trip	3,296.18	19,519.00	13,623.64	9,191.54
7 Grade - Field Trip	1,136.77	7,816.00	8,282.00	670.77
8 Grade - Field Trip	197.10	1,460.00	1,460.00	197.10
	<u>\$ 22,699.47</u>	<u>\$ 57,013.36</u>	<u>\$ 56,740.20</u>	<u>\$ 22,972.63</u>

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

**DEER PARK UNION FREE SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

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
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed - Through Programs From:</u>			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-20-0876	\$ 932,256
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-20-0876	<u>60,344</u>
Total Special Education Cluster			992,600
Title I, Part A, Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-19-2950	10,780
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-20-2950	<u>378,059</u>
Total Title I, Part A, Cluster			388,839
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-19-1535	649
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-20-1535	1,650
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-19-2950	17,767
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-20-2950	6,284
ESEA, Title III, Part A, Language Instruction for Immigrant Students	84.365	0149-19-2950	3,976
ESEA, Title III, Part A, Language Instruction for Immigrant Students	84.365	0149-20-2950	5,353
ESEA, Title II, Part A, Training	84.367A	0147-19-2950	51,362
ESEA, Title II, Part A, Training	84.367A	0147-20-2950	<u>57,022</u>
Total U.S. Department of Education			<u>1,525,502</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed - Through Programs From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	205,659
National School Lunch Program	10.555	N/A	<u>663,176</u>
Total U.S. Department of Agriculture			<u>868,835</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,394,337</u>

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**

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, 2020. 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 District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

No amounts were provided to subrecipients.

5. Other Disclosures

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

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

6. Major Program Determination

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



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, 2020, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 14, 2020.

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.

NawrockiSmith

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 20-01.

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 14, 2020





**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, 2020. 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, 2020.

NawrockiSmith

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 14, 2020



**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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. An 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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>U.S. Department of Education</u>
84.027A	IDEA, Part B, Section 611, Special Education Grants to States
84.173A	IDEA, Part B, Section 619, Special Education Preschool Grants

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

20-01 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 2, 2020.

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, 2020**

Findings - Financial Statement Audit

19-01 Recommendation - The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

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, 2020**

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, 2020, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATION:

1. Vendor database

Our audit procedures involved a review of vendor records in the general ledger accounting system to ensure the District does not have duplicated, stale, or incomplete information on file. Our procedures indicated the District has a number of vendor records that are stale. This situation increases the risk of payments made to incorrect vendors.

We recommend the District develop procedures to ensure the vendor database is reviewed annually for the information noted above. In this manner, internal controls over the vendor database may be enhanced.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

1. Recommendation – It was recommended that the District consider revising procedures for extraclassroom receipts and expenses to be properly approved, receipts be timely deposited and proper supporting documentation be maintained for expenses.

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

2. Recommendation – It was recommended that the detailed capital asset listings be maintained on a current basis and be periodically reconciled to annual activity. We also recommended the District conduct a full physical inventory of its capital assets during the upcoming year.

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

3. Recommendation – It was recommended that the District implement policies and procedures to ensure subsidiary detail schedules are reconciled to the general ledger on a periodic basis (i.e. quarterly basis).

Status - We noted that this recommendation was implemented.

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

September 1, 2021

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 \$21,000,000 Tax Anticipation Notes for 2021-2022 Taxes (the “Note”), dated and delivered the date hereof.

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the 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 5, 2021.

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

“Securities” shall mean the Issuer’s \$21,000,000 Tax Anticipation Notes for 2021-2022 Taxes, dated September 1, 2021, maturing on June 24, 2022, and delivered on the date hereof.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 1, 2021**.

DEER PARK UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education