Supplement dated
August 17, 2022

to the

Preliminary Official Statement
dated August 9, 2022

relating to

LINDENHURST UNION FREE SCHOOL DISTRICT, SUFFOLK COUNTY, NEW YORK

$35,000,000 Tax Anticipation Notes for 2022-2023 Taxes
(the "Notes")

Date of Issue: September 1, 2022 **Maturity Date: June 28, 2023**

Introduction

The Preliminary Official Statement for the Notes is dated **August 9, 2022** (the "Official Statement"). The Lindenhurst Union School District, Suffolk County, New York (the "**District**") has prepared this Supplement dated **August 17, 2022**, to the Official Statement (the "Supplement") to include updated tax disclosure language following the enactment of the Inflation Reduction Act on August 16, 2022.

Other than with respect to the information provided herein, this Supplement is not otherwise updating the Preliminary Official Statement, which speaks as of its date. Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Official Statement.

The following heading on the cover page has been superseded and replaced with the following:

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, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 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. (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.

The "Opinion of Bond Counsel" subsection on page 28 has been superseded and replaced with the following:

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, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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.

Appendix D is hereby relaced and superseded with the following:

FORM OF OPINION OF BOND COUNSEL

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

September , 2022

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

Ladies and Gentlemen:

We have acted as Bond Counsel to Lindenhurst 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 $35,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the "Note"), dated and delivered the date hereof.

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

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

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon 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, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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,

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2022

NEW ISSUE **TAX ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 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. (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.

LINDENHURST UNION FREE SCHOOL DISTRICT, SUFFOLK COUNTY, NEW YORK

$35,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES

(the "Notes")

Date of Issue: September 1, 2022 **Maturity Date: June 28, 2023**

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

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on August 18, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about September 1, 2022.

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

August , 2022

*Preliminary, subject to change.

LINDENHURST UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

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Lindenhurst, NY 11757
Telephone: 631-867-3000
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Sing-Fenne Phoune, District Treasurer
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* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Munistat
Municipal Financial Advisory Service
Since 1977

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

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OFFICIAL STATEMENT

LINDENHURST UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

Relating To

$35,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Lindenhurst 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 $35,000,000* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain. 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 world-wide event. (See "RISK FACTORS" and "IMPACT OF COVID-19" 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: Michael Van Wart, Assistant Superintendent for Finance, Operations and Technology, Operations and Technology, Lindenhurst Union Free School District, 350 Daniel Street, Lindenhurst, NY 11757, Phone (631) 867-3020, Fax (631) 867-3028 and email: mvanwart@lufsd.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.

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*Preliminary, subject to change

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2022-2023 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2022-2023 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2022-2023 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

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

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

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

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

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

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

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

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

NO PAST DUE DEBT

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

BANKRUPTCY

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

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

THE DISTRICT

Description

The District encompasses approximately six (6) square miles on the south shore of Suffolk County (the "County") within the Town of Babylon (the "Town") and is about 37 miles east of New York City. It includes all the Village of Lindenhurst (the "Village") and unincorporated areas of the Town.

The character of the District has been and remains largely suburban residential, with a majority of the homes being single-family residences. The proximity of the District to the Great South Bay and Atlantic Ocean has led to development of waterfront activity, including commercial fishing and pleasure boating. Many marinas and yacht areas cater to recreational boaters.

Transportation is provided by a network of major highways, including Sunrise Highway and Montauk Highway (which run through the District) and the nearby Southern State Parkway and Long Island Expressway. Rail passenger service is provided by the Long Island Railroad, which extends from New York City to Montauk Point, the farthest eastern point of Long Island. In addition, major airline service is provided at John F. Kennedy International Airport, LaGuardia International Airport and the Long Island MacArthur Airport.

Gas and electricity is supplied throughout the District by PSEG Long Island and the Suffolk County Water Authority provides public water services.

The Lindenhurst Memorial Library provides educational resources to the District, and a number of programs to the community. The Library is currently undertaking a capital project which includes an addition, alterations and improvements.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members to the Board. They are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At the time, the Board elects a President and a Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Finance, Operations and Technology.

Enrollment History

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

School Year	School Enrollment
2017-2018	5,853
2018-2019	5,725
2019-2020	5,694
2020-2021	5,590
2021-2022	5,500

Source: District Officials.

Projected Future Enrollment

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

School Year	School Enrollment
2022-2023	5,412
2023-2024	5,324
2024-2025	5,236
2025-2026	5,147
2026-2027	5,059

Source: District Officials.

District Facilities

Name of School	Grades	Date of Construction	Building Enrollment
Albany Avenue Elenentary	K-5	1961	465
Alleghany Avenue Elementary	K-5	1958	297
Bower School [a]	N/A	1953	35
Daniel Street Elementary	K-5	1958	499
Harding Avenue Elementary	K-5	1960	291
Kellum School [b]	NA	1958	N/A
Margaret McKenna Administration Building [c]	NA	1965	N/A
William Rall Elementary	K-5	1953	504
West Gates Elementary	K-5	1961	294
Lindenhurst Middle School	6-8	1930	1,295
Lindenhurst High School	9-12	1961	1,820

a. Occupied by the Lindenhurst Academy.
b. Leased to the Just Kids Organization, ES BOCES Book Depository and Sanford Care Center Pre-K Program.
c. Occupied by the District Administration Buildings, Building and Grounds.

Employees

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

Name of Union	Expiration Date of Contract	Approx. No. of Members
Teachers Association of Lindenhurst	06/30/2025	557
Custodial	06/30/2025	104
Clerical	06/30/2027	69
Association of School Administrators	06/30/2025	44
Registered Nurses	06/30/2023	13
Aides	06/30/2022[a]	275

a. Currently in negotiations

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

Population statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Village of Lindenhurst. The following table sets forth population statistics for the County, Town of Babylon and the Village of Lindenhurst.

Year	Village	Town of Babylon	Suffolk County
1990	26,879	202,780	1,292,665
2000	27,819	211,792	1,419,369
2010	27,253	213,603	1,493,350
2020	26,885	211,021	1,481,364

Source: U.S. Bureau of the Census.

Income Data

Income data are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Village of Lindenhurst. The information set forth below with respect to such Village, 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 Village, Town, County or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2020
Village of Lindenhurst	$16,116	$22,150	$32,401	$38,539
Town of Babylon	16,726	22,844	30,647	38,994
County of Suffolk	18,481	26,577	35,411	46,466
State of New York	16,501	23,389	30,791	40,898

	Median Household Income			
	1990	2000	2010	2020
Village of Lindenhurst	$46,615	$61,667	$83,964	$101,867
Town of Babylon	47,074	60,064	78,805	100,580
County of Suffolk	49,128	65,288	84,235	105,362
State of New York	32,965	43,393	55,217	71,117

Source: United States Bureau of the Census
Based on American Community Survey 5-Year Estimate (2016-2020)

Selected Listing of Larger Employers in the District
(As of 2021)

Name of Employer	Nature of Business	Number of Employees
Lindenhurst Union Free School District	Education	1,200
Russell Plastics Technology, Inc.	Plastic Products	100
Village of Lindenhurst	Government	70
Lakeville Industries	Kitchen Cabinets	70
Keith Machinery Corp.	Industrial Machinery	50
Marksmen Manufacturing	Screw Machine Parts	50
Autodyne Manufacturing	Electronic Communications	25

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, 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.

Annual Averages	Town of Babylon (%)	Suffolk County (%)	New York State (%)
2017	4.8	4.4	4.6
2018	4.1	3.9	4.1
2019	3.8	3.6	4.0
2020	9.8	8.5	10.0
2021	5.6	4.9	7.2
2022 (5 Months)	3.5	3.3	4.6

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

Computation of Debt Limit and Debt Contracting Margin
(As of August 9, 2022)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Babylon (2021-2022)	$39,609,224	0.87%	$4,552,784,368
Debt Limit - 10% of Average Full Valuation			$455,278,437
Inclusions:			
Outstanding Bonds			$38,710,000
Bond Anticipation Notes			0
Total Indebtedness			38,710,000
Exclusions (Estimated Building Aid) [a]			21,213,080
Total Net Indebtedness			17,496,920
Net Debt Contracting Margin			$437,781,517
Per Cent of Debt Contracting Margin Exhausted			3.84%

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

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness
As of June 30:

	2018	2019	2020	2021	2022
Bonds	$16,370,000	$40,397,520	$37,325,000	$34,185,000	$39,805,000
BANs	12,000,000	-	-	-	-
Other	4,805,614	4,022,149	13,510,992	12,040,939	12,040,939
Total	$33,175,614	$44,419,669	$50,835,992	$46,225,939	$51,845,939

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$3,860,000	$945,230	$4,805,230
2024	3,950,000	847,989	4,797,989
2025	3,555,000	756,886	4,311,886
2026	2,945,000	680,968	3,625,968
2027	3,015,000	613,030	3,628,030
2028	3,085,000	541,936	3,626,936
2029	3,165,000	467,493	3,632,493
2030	3,250,000	389,753	3,639,753
2031	3,320,000	309,178	3,629,178
2032	2,685,000	237,703	2,922,703
2033	2,750,000	171,073	2,921,073
2034	2,810,000	102,578	2,912,578
2035	700,000	28,300	728,300
2036	715,000	14,300	729,300
Totals [a]	$39,805,000	$6,106,414	$45,911,414

a. Includes payments made to date.

Debt Service Requirements – Energy Performance Contracts

The District has entered into various lease purchase financings to provide funding for certain Energy Performance Contracts. The remaining principal and interest payments until maturity are set forth below.

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 420,174	$ 52,012	$ 472,187
2024	431,869	40,318	844,425
2025	443,892	28,295	844,425
2026	456,254	15,932	844,424
2027	232,871	3,222	844,425
Totals	$1,985,060	$139,779	$2,124,840

Sources: Audited Financial Statements of the District.

On September 24, 2019, the District entered into an energy performance contract for various district-wide energy efficiency improvements in the amount of $10,615,795. The following table represents the remainder of the debt service requirements.

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 671,225	$ 173,199	$ 844,424
2024	684,468	159,957	844,425
2025	697,972	146,453	844,425
2026	711,742	132,682	844,424
2027	725,785	118,640	844,425
2028	740,104	104,320	844,424
2029	754,706	89,719	844,425
2030	769,596	74,829	844,425
2031	784,779	59,645	844,424
2032	800,262	44,162	844,424
2033	816,051	28,373	844,424
2034	832,151	12,273	844,424
Totals [a]	$8,988,841	$1,144,252	$10,133,093

a. Numbers are off due to rounding.

Revenue and Tax Anticipation Notes

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

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

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2018	$21,000,000	TAN	09/19/2017	06/27/2018
2019	23,000,000	TAN	09/12/2018	06/26/2019
2020	20,500,000	TAN	09/20/2019	06/25/2020
2021	25,000,000	TAN	10/20/2020	06/25/2021
2022	35,000,000	TAN	09/01/2021	06/24/2022

Authorized and Unissued Debt

As of the date of this Official Statement, the District has no authorized but unissued items. The District is in the preliminary stage of planning a bond referendum for District-wide improvements. The vote is expected to take place during the first quarter of 2023. The amount is yet to be determined.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	06/30/22	1.80	$24,587,264	$21,427,691
Babylon Town	12/31/21	16.96	27,239,456	27,239,456
Lindenhurst Village	02/28/21	100.00	16,539,557	16,539,557
West Babylon Fire District	12/31/20	100.00	663,931	663,931
North Lindenhurst Fire District	12/31/20	100.00	0	0
Lindenhurst Fire District	12/31/20	100.00	0	0
		Totals:	$69,030,208	$65,870,635

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 9, 2022)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$38,710,000	$ 921	0.850
Net Direct Debt	17,496,920	416	0.384
Total Direct & Applicable Total Overlapping Debt	107,740,208	2,562	2.366
Net Direct & Applicable Net Overlapping Debt	83,367,555	1,983	1.831

a. The current estimated population of the District is 42,049.
b. The full valuation of taxable real property in the District for 2021-22 is $4,552,784,368.

FINANCES OF THE DISTRICT

Impact of COVID-19

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

The District has received $621,206 in CARES Act funding, and is expected to receive a total of $13,394,665 through CRRSA and ARP funding. (See also "*State Aid*" herein.)

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2021. A copy of such report is included herein as Appendix C.

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

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

Revenues

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

Real Property Taxes

See *"Tax Information"* herein.

State Aid

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

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2017	$150,417,333	$53,066,583	35.28
2018	154,314,093	55,182,924	35.76
2019	158,125,892	55,218,847	34.92
2020	160,525,982	55,004,913	34.27
2021	164,528,920	55,467,334	33.71
2022 (Budgeted)	173,107,128	57,041,118	32.95
2023 (Budgeted)	177,638,786	60,108,195	33.84

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

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

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

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2021-22 Enacted Budget provided $29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represented an increase of $3.0 billion or 11.3 percent compared to the 2020-21 school year, and included a $41.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase was targeted to high-need school districts.

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

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

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 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, 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 revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

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

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

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

State Aid Litigation

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

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

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

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

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

Events Affecting State Aid to New York School Districts

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

School district fiscal year (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 included 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 were 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 increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019¬2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

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

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided $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 represented 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 allocated $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 allocated $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 used $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2% compared to the 2021-2022 school year and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programs $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds buy $125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 school year.

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

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

Expenditures

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

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

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

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 10.0%; Environmental Score: 20.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The District has not been audited in the previous five years.

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

Employee Pension System

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

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

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

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

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

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

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

Fiscal Year Ending June 30:	ERS	TRS
2023 (Budgeted)	$2,220,484	$7,531,480
2022	2,122,498	6,680,973
2021	1,925,886	6,416,335
2020	1,948,508	5,743,012
2019	1,874,775	7,207,000
2018	1,973,096	6,375,452

Source: Audited Financial Statements.

Other Post-Employment Benefits

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

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

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

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

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

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

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2021
Total OPEB Liability at June 30, 2020	$281,308,746
Charges for the Year:	
Service Cost	9,599,601
Interest	6,350,371
Changes of Benefit Terms	0
Changes of Demographic Gains and Losses	0
Changes in Assumptions and Other Inputs	2,379,534
Benefit Payments	(7,161,589)
Net Changes	11,167,917
Total OPEB Liability at June 30, 2021	$292,476,663

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

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

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of 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 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2017	$150,417,333	$94,990,968	63.15
2018	154,314,093	96,364,125	62.45
2019	158,125,892	99,917,687	63.19
2020	160,525,982	102,259,255	63.70
2021	164,528,920	105,248,383	63.97
2022 (Budgeted)	173,107,128	105,864,508	61.16
2023 (Budgeted)	177,638,786	107,823,001	60.70

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

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

Tax Collection Procedure

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

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

Valuations, Rates and Levies

The anticipated tax levy for the 2022-2023 year is $107,823,001.

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

Fiscal Year Ending June 30	Assessed Valuation	State Equal. Rate (%)	Full Valuation	Tax Rate Per $1,000 Assessed Valuation	Tax Levy
2018	$43,298,882	1.12	$3,865,971,607	$2,222.39	$96,227,213
2019	43,492,673	1.07	4,064,735,794	2,293.81	99,763,931
2020	43,865,763	0.97	4,522,243,608	2,326.67	102,120,644
2021	43,895,210	0.91	4,823,649,451	2,386.86	104,771,986
2022	39,609,224	0.87	4,552,784,368	2,403.08	105,806,312

Source: Town Babylon.

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

Name	Type	Assessed Valuation
Long Island Power Authority	Utility	$257,787
Keyspan Gas East Corp	Utility	242,881
Quadrangle Associates	Real Estate	133,650
PNY Long Island Real Estate Holdings LLC	Real Estate	128,740
Covert Ave Apartments Inc.	Real Estate	122,870
Long Island Power Authority	Utility	122,560
MLO Great South Bay LLC	Real Estate	104,460
Hoffman Lindenhurst Grocery	Commercial	92,960
Sunrise Plaza Associates	Real Estate	90,630
Monroe Gardens Inc	Real Estate	82,400
	Total	$1,378,938

Source: Town Assessment Roll.
a. Represents 3.48% of the Assessed Valuation of the District for 2021-2022.

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.

A former student has alleged that he was sexually abused on multiple occasions by a former teacher at one of the District's elementary schools in 1974 or 1975. A summons and complaint has been filed in State Supreme Court and the District has appointed special counsel to respond to the claim. Although the summons and complaint does not specify a specific sum for which damages are sought, the claim could potentially cost several millions of dollars if an adverse verdict is returned against the District. Should the plaintiffs in any of these cases be successful in their actions against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through budgetary appropriations or through the issuance of bonds.

A former student has alleged that he was sexually abused on multiple occasions by a former Vice Principal at the Lindenhurst Middle School between the years 1970 and 1972. A summons and complaint has been filed in State Supreme Court and the District has appointed special counsel to respond to the claim. Although the summons and complaint does not specify a specific sum for which damages are sought, the claim could potentially cost several millions of dollars if an adverse verdict is returned against the District.

A former student has alleged that he was sexually abused by a former teacher at one of the District's elementary schools in or about 1972. A summons and complaint has been filed in State Supreme Court. The District is in the process of retaining special counsel to respond to the claim. Although the summons and complaint does not specify a specific sum for which damages are sought, the claim could potentially cost several million dollars if an adverse verdict is returned against the District**.**

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. The District has invested in school cyber insurance to mitigate liability and the cost of remedy, should a cyber attack occur.

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 initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. 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, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

RATING

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

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has 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: Michael Van Wart, Assistant Superintendent for Finance, Operations and Technology, Lindenhurst Union Free School District, 350 Daniel Street, Lindenhurst, NY 11757, Phone (631) 867-3020, Fax (631) 867-3028 and email: mvanwart@lufsd.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

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

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

By: s/s DONNA HOCHMAN
President of the Board of Education
Lindenhurst Union Free School District
Lindenhurst, New York

August , 2022

APPENDIX A

FINANCIAL INFORMATION

Comparative Balance Sheet
General Fund

	Fiscal Year Ending June 30: 2020	2021
Assets:		
Unrestricted Cash	$ 18,264,541	$ 16,247,748
Restricted Cash	20,756,776	26,667,681
Account Receivable	135,694	634,455
Due From Other Funds	2,155,584	1,060,461
State and Federal Aid Receivable	4,645,015	3,587,685
Due From Other Governments	201,114	66,417
Total Assets	$ 46,158,724	$ 48,264,447
Liabilities & Deferred Revenue:		
Accounts Payable	$ 4,430,380	$ 1,421,299
Accrued Liabilities	379,906	922,539
Due to Other Funds	283,453	622,352
Due to Other Governments		601,107
Due to Retirement Systems	6,592,142	7,384,303
Compensated Absences	1,048,900	2,199,066
Other Liabilities		395,104
Deferred Revenue	624,128	
Total Liabilities & Deferred Revenue	$ 13,358,909	$ 13,545,770
Fund Balance:		
Restricted	$ 20,756,776	$ 26,667,681
Assigned	5,232,773	1,126,711
Unassigned	6,810,266	6,924,285
Total Fund Balance	$ 32,799,815	$ 34,718,677
Total Liabilities and Fund Balance	$ 46,158,724	$ 48,264,447

Source: Audited Financial Statements
NOTE: This table NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending June 30: 2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	$ 80,201,708	$ 81,696,743	$ 86,089,301	$ 89,748,248	$ 93,211,957
Other Real Property Tax Items	14,789,260	14,667,382	13,828,386	12,511,007	12,036,426
Charges for Services	503,786	416,933	758,229	697,800	566,413
Use of Money and Property	895,440	1,048,425	1,379,118	1,511,747	991,137
Sale of Property & Compensation for Loss	91,830	255,390	74,626	1,144	779,893
Miscellaneous	705,782	967,029	360,364	776,910	597,671
State Sources	53,066,583	55,182,924	55,218,847	55,004,913	55,467,334
Medicaid Reimbursement	-	-	300,925	183,383	125,226
Federal Sources	162,944	79,267	116,096	90,830	752,863
Total Revenues	150,417,333	154,314,093	158,125,892	160,525,982	164,528,920
Expenditures:					
General Support	15,000,966	15,294,260	15,432,290	15,258,399	16,456,893
Instruction	85,178,201	86,720,138	87,092,470	89,540,738	91,178,984
Pupil Transportation	7,967,393	7,755,756	7,874,833	7,677,603	7,496,371
Community Services	88,480	36,712	45,170	40,502	1,022
Employee Benefits	35,698,188	36,397,620	36,981,856	36,822,073	38,880,960
Debt Service	5,289,991	5,278,318	5,063,731	5,590,877	5,883,156
Total Expenditures	149,223,219	151,482,804	152,490,350	154,930,192	159,897,386
Excess (Deficit) of Revenues Over Expenditures	1,194,114	2,831,289	5,635,542	5,595,790	4,631,534
Other Financing Sources (Uses)					
Interfund Transfers In					24,221
Interfund Transfers Out	(580,736)	(798,440)	(1,047,996)	(1,032,775)	(2,736,893)
Total Other Financing Sources (Uses)	(580,736)	(798,440)	(1,047,996)	(1,032,775)	(2,712,672)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	613,378	2,032,849	4,587,546	4,563,015	1,918,862
Fund Balance - Beg. of Year	20,973,013	21,586,391	23,619,240	28,236,800	32,799,815
Adjustments			30,014		
Fund Balance - End of Year	$ 21,586,391	$ 23,619,240	$ 28,236,800	$ 32,799,815	$ 34,718,677

Source: Audited Financial Statements (2017-2021)

Budget Summaries

	Fiscal Year Ending June 30: 2022-2023[1]	2021-2022[2]
Revenues:		
Real Property Taxes	$ 107,823,001	$ 105,864,508
State Sources	60,108,195	57,041,118
Miscellaneous	3,099,441	3,177,063
Other Reserves	4,440,660	6,024,439
Appropriated Fund Balance	2,167,489	1,000,000
Total Revenues	$ 177,638,786	$ 173,107,128
Expenditures:		
General Support	$ 25,358,754	$ 16,677,386
Instruction	91,919,923	96,395,849
Pupil Transportation	8,964,333	8,549,908
Community Services	58,186	52,250
Employee Benefits	42,915,748	43,488,204
Debt Service	6,621,842	6,443,531
Interfund Transfers	1,800,000	1,500,000
Total Expenditures	$ 177,638,786	$ 173,107,128

1) The 2022-23 budget was approved by the voters of the District on May 17, 2022
2) The 2021-22 budget was approved by the voters of the District on May 18, 2021

Source: Adopted Budgets of the District

APPENDIX B

CASH FLOWS

LINDENHURST UNION FREE SCHOOL DISTRICT

CASH FLOW ACTUAL 2021-2022 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance[a]	16,247	10,174	6,954	34,461	23,804	11,373	7,146	53,918	46,009	56,931	40,368	39,948	16,247
Receipts													
Property Taxes[b]						951	48,683	8,524	998	1,855	9,371	30,217	100,599
PILOT							83	135		119	50	33	420
STAR							10,622						10,622
State Aid (Includes TRS)	1,026	1,720	7,613	2,450	909	6,496	377	917	23,184	467	7,902	8,137	61,198
Other Receipts	829	143	154	305	256	2,304	285	114	349	149	271	257	5,416
Note Proceeds - TANS			35,255										35,255
Interfund Transfers			125	132									257
Total Receipts	1,855	1,863	43,147	2,887	1,165	9,751	60,050	9,690	24,531	2,590	17,594	38,644	213,767
Disbursements													
Salary and Benefits	1,678	1,530	8,856	7,886	7,533	7,649	7,411	7,846	11,358	7,535	7,969	18,244	95,495
Operating Expenses	4,739	3,170	3,517	5,275	5,680	5,215	5,455	9,370	1,381	10,852	5,262	9,257	69,173
TAN Principal											4,783	30,217	35,000
TAN Interest												285	285
Debt Service	1,128		1,058			626	29		487			2,784	6,112
Interfund Transfers			1,826			105							1,931
Library Taxes	383	383	383	383	383	383	383	383	383	766		383	4,596
Total Disbursements	7,928	5,083	15,640	13,544	13,596	13,978	13,278	17,599	13,609	19,153	18,014	61,170	212,592
Balance	10,174	6,954	34,461	23,804	11,373	7,146	53,918	46,009	56,931	40,368	39,948	17,422	17,422
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	4,783	30,217	35,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	35,000	35,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	4,783	0	0

(a) Balance as of June 30, 2021. Excludes approximately $26 million in restricted reserves.
(b) Includes Library tax levy

LINDENHURST UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTED 2022-2023 (000's)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance[a]	17,422	9,497	7,303	33,384	22,758	7,745	3,097	52,290	44,808	57,620	42,093	42,969	17,422
Receipts													
Property Taxes[b]						971	49,656	8,694	1,017	1,892	9,560	30,821	102,610
PILOT							90	148		130	54	36	458
STAR							10,622						10,622
State Aid	117	2,011	6,856	3,102	326	5,905	240	266	26,167	244	8,265	6,786	60,285
Other Receipts	102	102	102	151	151	2,173	151	151	151	151	320	151	3,856
Note Proceeds - TANS			35,000										35,000
Total Receipts	219	2,113	41,958	3,253	477	9,049	60,759	9,259	27,335	2,417	18,199	37,794	212,831
Disbursements													
Salary and Benefits	1,780	1,543	8,929	7,951	7,595	7,712	7,472	7,910	11,452	7,597	8,034	18,394	96,369
Operating Expenses	4,834	2,375	3,693	5,539	7,506	4,996	3,677	8,441	2,192	9,958	4,721	9,277	67,209
TAN Principal											4,179	30,821	35,000
TAN Interest												1,185	1,185
Debt Service	1,141		1,066			600	28		490			2,795	6,120
Interfund Transfers			1,800										1,800
Library Taxes	389	389	389	389	389	389	389	389	389	389	389	389	4,668
Total Disbursements	8,144	4,307	15,877	13,879	15,490	13,697	11,566	16,740	14,523	17,944	17,323	62,861	212,351
Balance	9,497	7,303	33,384	22,758	7,745	3,097	52,290	44,808	57,620	42,093	42,969	17,902	17,902
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	4,179	0
Receipts	0	0	0	0	0	0	0	0	0	0	4,179	30,821	35,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	35,000	35,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	4,179	0	0

(a) Balance as of June 30, 2022. Excludes approximately $26 million in restricted reserves.
(b) Includes Library tax levy

LINDENHURST UNION FREE SCHOOL DISTRICT

APPENDIX C

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

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

LINDENHURST UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2021

LINDENHURST UNION FREE SCHOOL DISTRICT

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CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 – 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Lindenhurst Union Free School District
Lindenhurst, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Lindenhurst Union Free School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 District'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 District'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 unmodified and qualified audit opinions.

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Summary of Opinions

Opinion Unit	**Type of Opinion**
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extraclassroom Activities Fund

The fundraising records of the extraclassroom activities fund of the Lindenhurst Union Free School District did not contain sufficient details to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the "Basis for Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Lindenhurst Union Free School District, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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, other than the extraclassroom activities fund, and the fiduciary fund of the Lindenhurst Union Free School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles", the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 17 and 57 through 61 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lindenhurst Union Free School District's basic financial statements. The other supplementary information on pages 62 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021 on our consideration of the Lindenhurst Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lindenhurst Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lindenhurst Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 30, 2021

The Lindenhurst Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

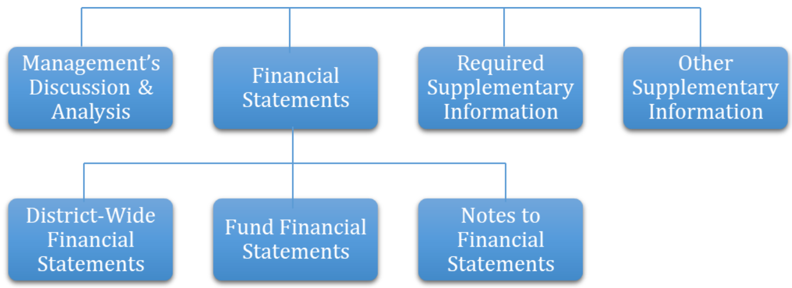
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by $12,547,156. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by $571,665, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $183,174,146. Of this amount, $8,040,137 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of $162,586,853 amount to 95.3% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements was $34,718,677 at June 30, 2021. This balance represents a $1,918,862 increase (5.85%) over the prior year due to an excess of revenues and other financing sources over expenditures and other uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
  - Restricted fund balances increased by $5,910,905 due to funding of reserves and interest allocated to the reserves, offset by the use of reserves.
  - Assigned, appropriated fund balance decreased $4,107,006, as the District lowered the fund balance appropriated to fund the 2021-2022 budget, and assigned, unappropriated (encumbrances) increased $944.
  - Unassigned fund balance increased by $114,019 to $6,924,285.
- The District's 2020-2021 property tax levy of $104,833,668 was a 2.66% increase over the 2019-2020 tax levy and equal to the District's property tax cap.
- On June 25, 2019, the District had issued $27,087,520 in serial bonds, which was approved by the voters on October 17, 2017. The District has expended $24,046,737 within the capital projects fund through June 30, 2021.
- On August 28, 2019, the District entered into an energy performance contract to institute energy improvements to the District's facilities. The District received $10,615,795 in contract proceeds and has expended $10,472,762 within the capital projects fund through June 30, 2021.
- The serial bonds for the reconstruction of the Lindenhurst Memorial Library, as approved by voters on October 6, 2019, were issued on July 13, 2021 for the total authorized amount of $9,400,000.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program in the amount of $619,848. The District applied for additional funding in the amount of $5,361,494 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; the awards were granted in August 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other facilities.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fund and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities and scholarships funds as separate governmental funds. The changes resulted in an increase to total net position. The following is a summary of those changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	$ 67,243,134	$ 66,324,239	$ 918,895
Current and Other Liabilities	16,518,559	16,171,329	347,230
Restricted Net Position	21,217,696	20,780,994	436,702
Unrestricted Net Position (Deficit)	(236,991,787)	(237,126,750)	134,963
Total Net Position (Deficit)	(181,089,940)	(181,661,605)	571,665

The District's total net position decreased by $12,547,156 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 55,347,564	$ 67,243,134	$ (11,895,570)	(17.69)%
Capital Assets, Net	80,710,952	69,783,449	10,927,503	15.66 %
Net Pension Asset - Proportionate Share		9,961,927	(9,961,927)	(100.00)%
Total Assets	136,058,516	146,988,510	(10,929,994)	(7.44)%
Deferred Outflows of Resources	77,969,646	75,950,722	2,018,924	2.66 %
Liabilities				
Current and Other Liabilities	14,052,491	16,518,559	(2,466,068)	(14.93)%
Long-Term Liabilities	62,724,038	68,605,634	(5,881,596)	(8.57)%
Net Pension Liabilities - Proportionate Share	10,734,366	10,463,977	270,389	2.58 %
Total OPEB Liability	292,476,663	281,308,746	11,167,917	3.97 %
Total Liabilities	379,987,558	376,896,916	3,090,642	0.82 %
Deferred Inflows of Resources	27,677,700	27,132,256	545,444	2.01 %
Net Position (Deficit)				
Net Investment in Capital Assets	38,027,539	34,684,151	3,343,388	9.64 %
Restricted	28,339,549	21,217,696	7,121,853	33.57 %
Unrestricted (Deficit)	(260,004,184)	(236,991,787)	(23,012,397)	(9.71)%
Total Net Position (Deficit)	$ (193,637,096)	$ (181,089,940)	$ (12,547,156)	(6.93)%

The decrease in current and other assets is primarily related to decreases in cash, due from state and federal, and due from other governments, offset by an increase in accounts receivable.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The decrease in current and other liabilities is primarily due to a decrease in accounts payable, offset by increases in compensated absences payable, due to other governments and due to teachers' retirement system.

The decrease in long-term liabilities is primarily the result of the current year maturity of bond and energy performance contract indebtedness.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employee's Retirement System's collective net pension liability at the measurement date of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves. This number increased over the prior year, due to the transfers into the reserves and interest earned in the reserves in excess of the use of the reserves.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The June 30, 2020 revenues and expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	$ 1,671,667	$ 1,509,010	$ 162,657
Operatings Grants & Contributions	4,926,848	4,951,410	(24,562)
Instruction Expenses	144,916,775	144,697,373	219,402

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements, STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 774,166	$ 1,671,667	$ (897,501)	(53.69)%
Operating Grants & Contributions	7,140,971	4,926,848	2,214,123	44.94 %
Capital Grants	125,000	35,000	90,000	257.14 %
General Revenues				
Property Taxes and STAR	104,833,717	102,120,702	2,713,015	2.66 %
State Sources	54,843,206	55,629,041	(785,835)	(1.41)%
Other	2,909,930	2,612,352	297,578	11.39 %
Total Revenues	170,626,990	166,995,610	3,631,380	2.17 %
Expenses				
General Support	24,759,093	23,274,017	1,485,076	6.38 %
Instruction	146,867,634	144,916,775	1,950,859	1.35 %
Pupil Transportation	7,681,964	8,083,207	(401,243)	(4.96)%
Community Services	1,134	70,531	(69,397)	(98.39)%
Debt Service - Interest	1,236,924	1,460,884	(223,960)	(15.33)%
Food Service Program	2,627,397	2,357,487	269,910	11.45 %
Total Expenses	183,174,146	180,162,901	3,011,245	1.67 %
Change in Net Position	$ (12,547,156)	$ (13,167,291)	$ 620,135	4.71 %

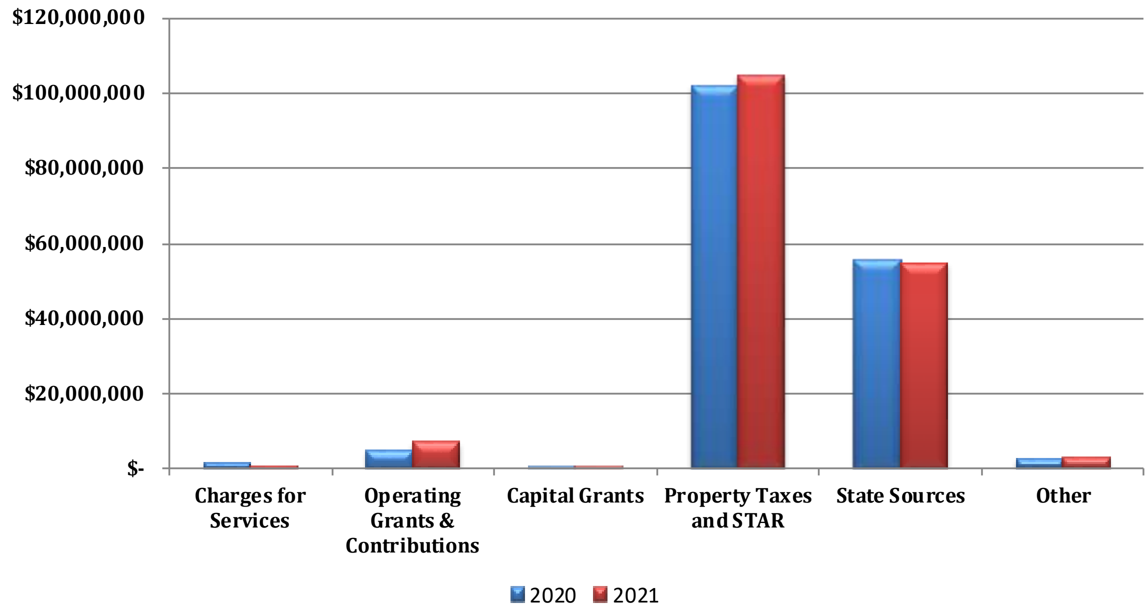
The District's net position decreased by $12,547,156 and $13,167,291 for the years ended June 30, 2021 and 2020, respectively.

The District's revenues increased by $3,631,380 or 2.17%. The major factor that contributed to the increase was the District received more property taxes and STAR, as well as more operating grants and contributions in the current year, as a result of additional federal school meals reimbursements and CARES Act Funding due to the COVID-19 pandemic.

The District's total expenses for the year increased by $3,011,245 or 1.67%. The increase in expenses is primarily due to increases in general support and instruction caused by the net changes in pension and other postemployment benefits costs.

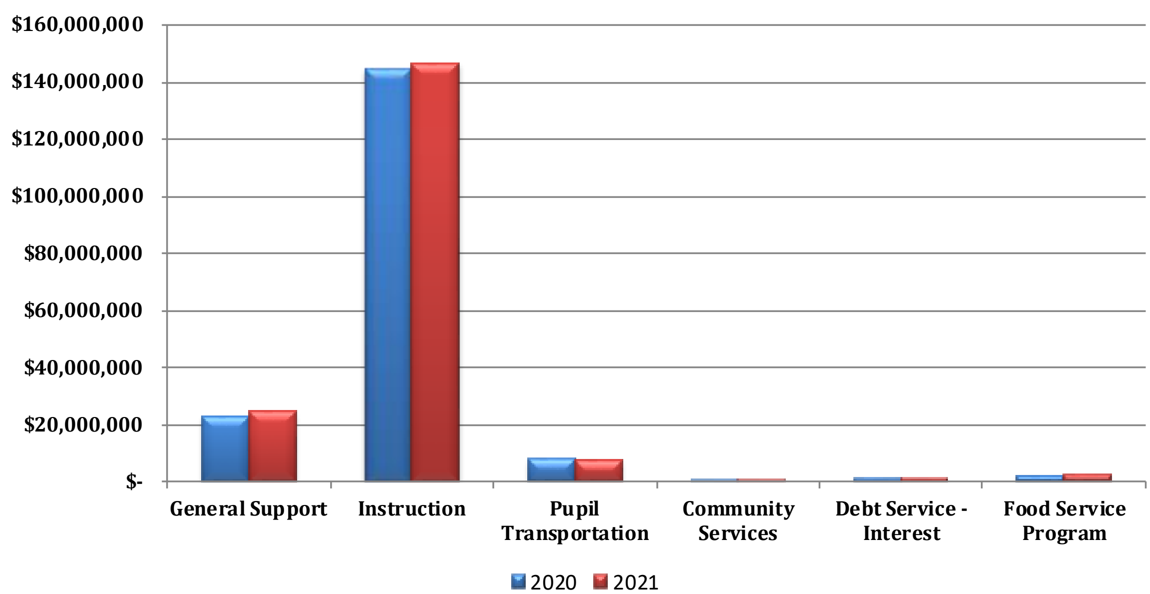
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 61.4% and 61.2% of the total for the years June 30, 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.2% and 80.5% of the total for the years June 30, 2021 and 2020, respectively).

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	1.0%	3.0%	0.0%	61.2%	33.3%	1.5%
2021	0.5%	4.2%	0.1%	61.4%	32.1%	1.7%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2020	12.9%	80.5%	4.5%	0.0%	0.8%	1.3%
2021	13.5%	80.2%	4.2%	0.0%	0.7%	1.4%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of $41,471,577, which is a decrease of $8,841,553 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarships funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Workers' compensation	$ 4,200,036	$ 4,192,586	$ 7,450	0.18 %
Unemployment insurance	614,601	613,511	1,090	0.18 %
Retirement contribution				
Teachers' retirement system	3,885,644	2,567,210	1,318,434	51.36 %
Employees' retirement system	5,824,472	5,858,858	(34,386)	(0.59)%
Employee benefit accrued liability	8,142,749	6,369,201	1,773,548	27.85 %
Capital	4,000,179	1,155,410	2,844,769	246.21 %
Assigned:				
Appropriated fund balance	1,000,000	5,107,006	(4,107,006)	(80.42)%
Unappropriated fund balance	126,711	125,767	944	0.75 %
Unassigned: Fund balance	6,924,285	6,810,266	114,019	1.67 %
	34,718,677	32,799,815	1,918,862	5.85 %
School Food Service Fund				
Nonspendable: Inventory	1,126	2,276	(1,150)	(50.53)%
Assigned: Unappropriated fund balance	493,185	455,975	37,210	8.16 %
	494,311	458,251	36,060	7.87 %
Debt Service Fund				
Restricted: Debt	-	24,218	(24,218)	(100.00)%
Capital Projects Fund				
Restricted:				
Capital	1,157,071		1,157,071	N/A
Unspent debt proceeds	3,542,527	15,736,695	(12,194,168)	(77.49)%
Assigned: Unappropriated fund balance	903,051	722,486	180,565	24.99 %
	5,602,649	16,459,181	(10,856,532)	(65.96)%
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	141,143	134,963	6,180	4.58 %
Scholarships Fund				
Restricted: Scholarships	514,797	436,702	78,095	17.88 %
Total Fund Balance	$ 41,471,577	$ 50,313,130	$ (8,841,553)	(17.57)%

A. General Fund

The net change in the general fund – fund balance is an increase of $1,918,862, compared to an increase of $4,563,015 in 2020. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The District's revenues and other sources increased by $4,027,159 or 2.51%, as compared to the prior year. This increase is primarily attributable to increases in property taxes, sale of property and compensation for loss and federal sources, offset by decreases in other tax items, use of money and property, and miscellaneous revenue. The increase in property taxes is due to an increase in the tax levy in accordance with the 2020-2021 budget. The increase in sale of property and compensation for loss was due to refund of unemployment insurance previously paid, and a reimbursement of lost state transportation aid received from the District's transportation vendor. The increase in federal sources is related to federal grants available from the CARES act in response to the COVID-19 pandemic.

Expenditures and other uses increased by $6,671,312 or 4.28% over the prior year. This increase was primarily due to increases in central services, programs for students with disabilities, employee benefits, and operating transfers out. This was offset by decreases in teaching – regular school and occupational education.

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	$ 4,192,586	$ (1,000,000)	$ 7,450	$ 1,000,000	$ 4,200,036	$ 1,000,000
Unemployment insurance	613,511		1,090		614,601	
Retirement contribution						
TRS	2,567,210		4,562	1,313,872	3,885,644	
ERS	5,858,858	(2,000,000)	10,411	1,955,203	5,824,472	1,092,230
EBALR	6,369,201	(2,237,770)	11,318	4,000,000	8,142,749	3,932,209
Capital	1,155,410	(1,157,071)	1,840	4,000,000	4,000,179	
	$ 20,756,776	$ (6,394,841)	$ 36,671	$ 12,269,075	$ 26,667,681	$ 6,024,439

The Board of Education subsequently, on August 23, 2021, authorized the District to transfer $415,000 of excess funds from unemployment insurance reserve to the workers' compensation reserve.

Additional detail regarding capital reserves can be found in Note 21 "Restricted for Capital Reserve."

B. School Food Service Fund

The net change in the school food service fund – fund balance is an increase of $36,060, which was the operating profit of the food service program.

C. Debt Service Fund

The net change in the debt service fund – fund balance is a decrease of $24,218. The decrease is related to Board approved use of funds to offset debt principal expenditures.

D. Capital Projects Fund

The capital projects fund - fund balance decreased by $10,856,532. This decrease is primarily attributable to construction costs of $13,511,581 in excess of budgeted general fund transfers-in and voter-approved capital reserve transfer totaling $2,530,049, and $125,000 of recognized capital grant revenue from the Dormitory Authority of the State of New York (DASNY).

E. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is an increase of $6,180. The increase is due to fundraising revenue and club activities receipts in excess of funds used for club activities.

F. Scholarships Fund

The net change in the scholarships fund – fund balance is an increase of $78,095. The increase is primarily due to investment earnings and unrealized gain in the fair market value of the Starr Hacker Scholarship Fund, plus donations received in excess of scholarships awarded in the current year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was $170,256,663. This amount was increased by encumbrances carried forward from the prior year in the amount of $125,767 and budget revisions totaling $1,173,971 for a total final budget of $171,556,401.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $104,833,668 in estimated property taxes and STAR.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget and encumbrances. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 6,810,266
Revenues Over Budget	6,913,441
Expenditures and Encumbrances Under Budget	8,795,411
Net Allocation to Reserves	(12,305,746)
Unused Appropriated Reserves	(2,289,087)
Appropriated to Fund the June 30, 2022 Budget	(1,000,000)
Closing, Unassigned Fund Balance	$ 6,924,285

Opening, Unassigned Fund Balance

The $6,810,266 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was $157,639,700. Actual revenues recognized for the year were $164,553,141. The excess of actual revenues over estimated or budgeted revenues was $6,913,441, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was $171,556,401. Actual expenditures as of June 30, 2021, were $162,634,279 and outstanding encumbrances were $126,711. Combined, the expenditures plus encumbrances for 2020-2021 were $162,760,990. The final budget variance was $8,795,411, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Allocation to Reserves/Unused Appropriated Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

The District also returned $2,289,087 in unused appropriated reserves. The District budgeted to use $7,526,857 from reserves for 2020-2021 expenditures; the actual amounts used totaled $5,237,770.

Appropriated Fund Balance

The District has chosen to use $1,000,000 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2021 was $6,924,285. This amount is 4% of the 2021-2022 budget and is equal to the statutory limit.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of $13,779,615 in excess of depreciation expense of $2,852,112 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	$ 549,950	$ 549,950	$ -
Construction in progress	22,415,320	13,337,039	9,078,281
Buildings	54,758,948	52,826,258	1,932,690
Improvements Other Than Buildings	1,945,832	1,917,946	27,886
Equipment	1,040,902	1,152,256	(111,354)
Capital assets, net	$ 80,710,952	$ 69,783,449	$ 10,927,503

B. Debt Administration

At June 30, 2021, the District had total bonds payable and energy performance contracts of $46,225,940. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. Energy performance contracts were issued to fund district-wide energy saving upgrades and capital improvements. The decrease in outstanding bond debt and energy performance contract debt represents principal payments. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
Bonds Payable				
7/7/2010	3.125-3.50%	$ 1,410,000	$ 1,850,000	$ (440,000)
9/3/2014	2.00-3.50%	2,550,000	3,145,000	(595,000)
9/9/2015	2.25-3.00%	6,240,000	6,785,000	(545,000)
6/25/2019	2.13-2.75%	18,095,000	19,285,000	(1,190,000)
6/25/2019	2.50-3.15%	5,890,000	6,260,000	(370,000)
		$ 34,185,000	$ 37,325,000	$ (3,140,000)
Energy Performance Contract				
8/26/2006	3.47%	$	$ 426,812	$ (426,812)
12/14/2011	2.66%	2,132,037	2,487,476	(355,439)
1/5/2012	3.62%	261,824	304,123	(42,299)
8/28/2019	1.96%	9,647,079	10,292,582	(645,503)
		$ 12,040,940	$ 13,510,993	$ (1,470,053)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2.

On July 13, 2021, the District issued $9,400,000 of serial bonds for the Library's construction as approved by the voters on October 16, 2019. The Library will reimburse the District for the debt service payments of the bond.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation, net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Compensated absences	$ 14,274,727	$ 15,379,827	$ (1,105,100)
Workers' compensation	2,223,371	2,389,814	(166,443)
Net pension liabilities - proportionate share	10,734,366	10,463,977	270,389
Total OPEB liability	292,476,663	281,308,746	11,167,917
	$ 319,709,127	$ 309,542,364	$ 10,166,763

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is $173,107,128. This is an increase of $2,850,465 or 1.67% over the previous year's budget. The increase is principally in the instructional program and employee benefits areas of the budget.

The District budgeted revenues other than property taxes and STAR at a $7,429,049 increase over the prior year's estimate, which is principally due to an estimated increase in state aid and rental revenues. The assigned, appropriated fund balance applied to the budget in the amount of $1,000,000 is a decrease of $4,107,006 from the previous year. Additionally, the District has elected to appropriate $6,024,439 of reserves towards the next year's budget, a decrease of $1,502,418. A property tax increase of $1,030,840 (0.98%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2021-2022 property tax levy of $105,864,508 was an increase of 0.98%, which equaled the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Grace P. Chan, ED. D.
Assistant Superintendent for Business
Lindenhurst Union Free School District
350 Daniel Street
Lindenhurst, NY 11757

LINDENHURST UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

ASSETS	
Cash	
Unrestricted	$ 17,345,811
Restricted	31,554,491
Receivables	
Accounts receivable	634,455
Due from state and federal	5,417,679
Due from other governments	66,417
Inventory	1,126
Investments	327,585
Capital assets:	
Not being depreciated	22,965,270
Being depreciated, net of accumulated depreciation	57,745,682
Total Assets	136,058,516
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	46,153,514
Other postemployment benefits	31,816,132
Total Deferred Outflows of Resources	77,969,646
LIABILITIES	
Payables	
Accounts payable	2,193,736
Accrued liabilities	1,124,725
Due to other governments	601,195
Due to teachers' retirement system	6,680,974
Due to employees' retirement system	703,329
Compensated absences payable	2,199,066
Other liabilities	489,104
Unearned credits	
Collections in advance	60,362
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,215,000
Energy performance contract payable	1,067,039
Compensated absences payable	3,932,209
Due and payable after one year	
Bonds payable	30,970,000
Energy performance contract payable	10,973,901
Compensated absences payable	10,342,518
Workers' compensation liabilities	2,223,371
Net pension liabilities - proportionate share	10,734,366
Total other postemployment benefits liability	292,476,663
Total Liabilities	379,987,558
DEFERRED INFLOWS OF RESOURCES	
Pensions	17,137,537
Other postemployment benefits	10,540,163
Total Deferred Inflows of Resources	27,677,700
NET POSITION (DEFICIT)	
Net investment in capital assets	38,027,539
Restricted:	
Workers' compensation	4,200,036
Unemployment insurance	614,601
Retirement contribution	
Teachers' retirement system	3,885,644
Employees' retirement system	5,824,472
Employee benefit accrued liability	8,142,749
Capital	5,157,250
Scholarships	514,797
	28,339,549
Unrestricted (deficit)	(260,004,184)
Total Net Position (Deficit)	$ (193,637,096)

LINDENHURST UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants	
FUNCTIONS/PROGRAMS					
General support	$ 24,759,093	$	$	$	$ (24,759,093)
Instruction	146,867,634	689,646	4,391,380	125,000	(141,661,608)
Pupil transportation	7,681,964				(7,681,964)
Community services	1,134				(1,134)
Debt service - interest	1,236,924				(1,236,924)
Food service program	2,627,397	84,520	2,749,591		206,714
Total Functions and Programs	$ 183,174,146	$ 774,166	$ 7,140,971	$ 125,000	(175,134,009)
GENERAL REVENUES					
Real property taxes					93,211,957
Other tax items					12,036,426
Use of money and property					991,174
Sale of property and compensation for loss					781,193
Miscellaneous					597,671
State sources					54,843,206
Medicaid reimbursement					125,226
Total General Revenues					162,586,853
Change in Net Position (Deficit)					(12,547,156)
Total Net Position (Deficit) - Beginning of Year, as Restated					(181,089,940)
Total Net Position (Deficit) - End of Year					$ (193,637,096)

LINDENHURST UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	$ 16,247,748	$ 81,447	$ 185,261	$	$ 690,212	$ 141,143	$	$ 17,345,811
Restricted	26,667,681				4,699,598		187,212	31,554,491
Receivables								
Accounts receivable	634,455							634,455
Due from other funds	1,060,461		21,352		601,000			1,682,813
Due from state and federal	3,587,685	1,063,543	617,216		149,235			5,417,679
Due from other governments	66,417							66,417
Inventory			1,126					1,126
Investments							327,585	327,585
Total Assets	$ 48,264,447	$ 1,144,990	$ 824,955	$ -	$ 6,140,045	$ 141,143	$ 514,797	$ 57,030,377
LIABILITIES								
Payables								
Accounts payable	$ 1,421,299	$ 77,136	$ 276,306	$	$ 418,995			$ 2,193,736
Accrued liabilities	922,539	1,447						923,986
Due to other funds	622,352	1,060,295			166			1,682,813
Due to other governments	601,107		88					601,195
Due to teachers' retirement system	6,680,974							6,680,974
Due to employees' retirement system	703,329							703,329
Compensated absences payable	2,199,066							2,199,066
Other liabilities	395,104				94,000			489,104
Unearned credits								
Collections in advance		6,112	54,250					60,362
Total Liabilities	13,545,770	1,144,990	330,644	-	513,161	-	-	15,534,565
DEFERRED INFLOWS OF RESOURCES								
Unearned revenue					24,235			24,235
FUND BALANCES								
Nonspendable: Inventory			1,126					1,126
Restricted:								
Workers' compensation	4,200,036							4,200,036
Unemployment insurance	614,601							614,601
Retirement contribution								
Teachers' retirement system	3,885,644							3,885,644
Employees' retirement system	5,824,472							5,824,472
Employee benefit accrued liability	8,142,749							8,142,749
Capital	4,000,179				1,157,071			5,157,250
Unspent debt proceeds					3,542,527			3,542,527
Scholarships							514,797	514,797
Assigned:								
Appropriated fund balance	1,000,000							1,000,000
Unappropriated fund balance	126,711		493,185		903,051	141,143		1,664,090
Unassigned: Fund balance	6,924,285							6,924,285
Total Fund Balances	34,718,677	-	494,311	-	5,602,649	141,143	514,797	41,471,577
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 48,264,447	$ 1,144,990	$ 824,955	$ -	$ 6,140,045	$ 141,143	$ 514,797	$ 57,030,377

LINDENHURST UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances		$ 41,471,577
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 149,893,630	
Less: Accumulated depreciation	(69,182,678)	
		80,710,952
Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	46,153,514	
Net pension liability - teachers' retirement system	(10,695,068)	
Net pension liability - employees' retirement system	(39,298)	
Deferred inflows of resources	(17,137,537)	
		18,281,611
Total other postemployment benefits liability, deferred outflows and deferred inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	31,816,132	
Total other postemployment benefits liability	(292,476,663)	
Deferred inflows of resources	(10,540,163)	
		(271,200,694)
Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		24,235
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(200,739)	
Bonds payable	(34,185,000)	
Energy performance contract payable	(12,040,940)	
Compensated absences payable	(14,274,727)	
Workers' compensation liabilities	(2,223,371)	
		(62,924,777)
Total Net Position (Deficit)		$ (193,637,096)

LINDENHURST UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES								
Real property taxes	$ 93,211,957	$	$	$	$	$	$	$ 93,211,957
Other tax items	12,036,426							12,036,426
Charges for services	566,413							566,413
Use of money and property	991,137		34	3		35	94,835	1,086,044
Sale of property and compensation for loss	779,893		1,300					781,193
Miscellaneous	597,671	129,741	14			123,198	5,856	856,480
State sources	55,467,334	885,784	89,544		125,000			56,567,662
Medicaid reimbursement	125,226							125,226
Federal sources	752,863	2,522,301	2,660,047					5,935,211
Sales			84,506					84,506
Total Revenues	164,528,920	3,537,826	2,835,445	3	125,000	123,233	100,691	171,251,118
EXPENDITURES								
General support	16,456,893							16,456,893
Instruction	91,178,984	3,665,120				117,053	22,596	94,983,753
Pupil transportation	7,496,371	79,550						7,575,921
Community service	1,022							1,022
Employee benefits	38,880,960							38,880,960
Debt service								
Principal	4,610,053							4,610,053
Interest	1,273,103							1,273,103
Food service program			2,799,385					2,799,385
Capital outlay					13,511,581			13,511,581
Total Expenditures	159,897,386	3,744,670	2,799,385	-	13,511,581	117,053	22,596	180,092,671
Excess (Deficiency) of Revenues Over Expenditures	4,631,534	(206,844)	36,060	3	(13,386,581)	6,180	78,095	(8,841,553)
OTHER FINANCING SOURCES AND (USES)								
Operating transfers in	24,221	206,844			2,530,049			2,761,114
Operating transfers (out)	(2,736,893)			(24,221)				(2,761,114)
Total Other Financing Sources and (Uses)	(2,712,672)	206,844	-	(24,221)	2,530,049	-	-	-
Net Change in Fund Balances	1,918,862	-	36,060	(24,218)	(10,856,532)	6,180	78,095	(8,841,553)
Fund Balances - Beginning of Year, as Restated	32,799,815		458,251	24,218	16,459,181	134,963	436,702	50,313,130
End of Year	$ 34,718,677	$ -	$ 494,311	$ -	$ 5,602,649	$ 141,143	$ 514,797	$ 41,471,577

LINDENHURST UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances		$ (8,841,553)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	$ (624,128)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in compensated absences payable	1,105,100	
Decrease in workers' compensation liabilities	166,443	
		647,415
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays and other additions	13,779,615	
Depreciation expense and loss on disposal	(2,852,112)	
		10,927,503
Long-Term Debt Transactions Differences		
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	3,140,000	
Repayment of energy performance contract payable	1,470,053	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021.	36,179	
		4,646,232
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	(8,131,419)	
Employees' retirement system	881,337	
Other postemployment benefits	(12,676,671)	
		(19,926,753)
Change in Net Position (Deficit) of Governmental Activities		$ (12,547,156)

LINDENHURST UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	Custodial
ASSETS	
Cash and cash equivalents	$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

	Custodial
ADDITIONS	
Real property taxes collected for the Library	$ 4,596,600
DEDUCTIONS	
Payments of real property taxes to the Library	4,596,600
Change in Net Position	-
Net Position - Beginning of Year	
Net Position - End of Year	$ -

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lindenhurst Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

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 nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on 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 the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Western Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the 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 Education Law. All BOCES property is held by the BOCES Board as a corporation under §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 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 Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund 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 capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

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

School Food Service Fund - is used to account for the activities of the food service program.

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

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets.

Extraclassroom Activities Fund – is used to account for the funds operated by and for the students of the District.

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

Custodial Fund – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 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, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than November 1 and become a lien on December 1. Taxes are collected by the town of Babylon Receiver of Taxes along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and the Comptrollers of the Town and County until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

All unpaid taxes are returned by the Town to Suffolk County, which in turn is responsible for any uncollected taxes.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources 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 to Financial Statements.

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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are 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.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

I. Use of 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 amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents/Investments

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Investments are reported at fair value, based on quoted market prices.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

K. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

M. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Land improvements	$ 15,000	20 years
Buildings and building improvements	15,000	20-50 years
Furniture and equipment	2,500	5-20 years
Licensed vehicles	2,500	5-15 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

O. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

P. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as grant money received in advance and prepaid lunch amounts. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

Q. Employee Benefits – Compensated Absences

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare 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 in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction, and improvements of those assets.

Restricted – 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.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

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

Restricted for Debt

Unexpended balances of proceeds of borrowings for capital projects, interest, and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted – Unspent Debt Proceeds

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

Restricted for Scholarships

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

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance, excluding the reserve for tax reduction, of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

The Board of Education shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities.* This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	**Statement**
June 30, 2022	GASB No. 87 - *Leases*

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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 current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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. The following supplemental appropriations occurred during the year:

Instructional supplies funded by donations	$ 16,600
Program costs funded by state grant	300
Capital reserve proposition	1,157,071
	$ 1,173,971

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. 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 U.S. Treasury and U.S. 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 New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year-end.

Investments:

The District has control over certain investments associated with a scholarship fund which benefits eligible graduating high school students. Those investments, consisting of donated common stocks and shares in a mutual fund, are reported in the scholarships fund and are comprised of the following:

	Cost	Fair Value
Common Stocks	$ 39,984	$ 301,853
Mutual Fund	9,528	25,732
	$ 49,512	$ 327,585

These investments are exposed to interest rate risk, which is the risk that the fair value of investments will be affected by changing interest rates, as well as credit risk, which is the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The investments of the scholarships fund are measured at fair value by Level 1 valuation methodology. The following is a description of the valuation methodologies used for investments measured at fair value:

Common stocks and mutual funds: Valued at the net assets value (NAV) of shares held at year-end. The NAV is the closing price reported on the open market on which the securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment pool:

The District participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

Total investments of the cooperative at June 30, 2021 are $3,369,964,660, which consisted of $371,757,483 in repurchase agreements, $1,940,950,074 in U.S. Treasury Securities and $1,057,257,103 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as cash:

Fund	Carrying Amount
General Fund	$ 17,362,679
Capital Projects Fund	5,115,459
	$ 22,478,138

The above amounts represent the fair value of the investment pool shares. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021 the District was billed $14,353,456 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $3,670,811. Financial statements for the BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York 11746-9007.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2021 consisted of:

General Fund	
New York State - excess cost aid	$ 1,764,054
BOCES Aid	1,614,825
Federal Aid - CARES Act	180,196
Federal Aid - FEMA	28,610
	3,587,685
Special Aid Fund	
Federal and state grants	1,063,543
School Food Service Fund	
Federal and state food service program reimbursements	617,216
Capital Fund	
New York State DASNY grant	125,000
New York State Smart Schools Bond Act aid	24,235
	149,235
	$ 5,417,679

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
BOCES refund	$ 66,417

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	$ 549,950	$	$	$ 549,950
Construction in progress	13,337,039	13,683,569	(4,605,288)	22,415,320
Total capital assets not being depreciated	13,886,989	13,683,569	(4,605,288)	22,965,270
Capital assets being depreciated				
Buildings	111,955,915	4,301,643		116,257,558
Improvements other than buildings	6,637,159	303,644		6,940,803
Equipment	3,695,275	96,047	(61,323)	3,729,999
Total capital assets being depreciated	122,288,349	4,701,334	(61,323)	126,928,360
Less accumulated depreciation for:				
Buildings	59,129,657	2,368,953		61,498,610
Improvements other than buildings	4,719,213	275,758		4,994,971
Equipment	2,543,019	207,401	(61,323)	2,689,097
Total accumulated depreciation	66,391,889	2,852,112	(61,323)	69,182,678
Total capital assets, being depreciated, net	55,896,460	1,849,222	-	57,745,682
Capital assets, net	$ 69,783,449	$ 15,532,791	$ (4,605,288)	$ 80,710,952

Depreciation expense was charged to governmental functions as follows:

General support	$ 2,570,978
Instruction	267,164
Pupil transportation	13,970
Total depreciation expense	$ 2,852,112

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2021 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 1,060,461	$ 622,352	$ 24,221	$ 2,736,893
Special Aid Fund		1,060,295	206,844	
School Food Service Fund	21,352			
Debt Service Fund				24,221
Capital Projects Fund	601,000	166	2,530,049	
	$ 1,682,813	$ 1,682,813	$ 2,761,114	$ 2,761,114

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the capital projects fund is in accordance with the general fund budget and voter-approved proposition for various capital improvements. Interfund balances are expected to be repaid within one year.

12. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	3.00%	$ -	$ 25,000,000	$ (25,000,000)	$ -

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest paid on the TAN for the year was $510,417. The District received a premium in the amount of $450,000 in the current year, to yield an effective interest rate of 0.36% and a net expenditure of $60,417.

13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 37,325,000	$	$ (3,140,000)	$ 34,185,000	$ 3,215,000
Energy performance contract	13,510,993		(1,470,053)	12,040,940	1,067,039
	50,835,993	-	(4,610,053)	46,225,940	4,282,039
Other long-term liabilities:					
Compensated absences	15,379,827		(1,105,100)	14,274,727	3,932,209
Workers' compensation	2,389,814	879,964	(1,046,407)	2,223,371	
	17,769,641	879,964	(2,151,507)	16,498,098	3,932,209
	$ 68,605,634	$ 879,964	$ (6,761,560)	$ 62,724,038	$ 8,214,248

The general fund has typically been used to liquidate other long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Serial Bonds	7/7/2010	7/1/2023	3.125-3.50%	$ 1,410,000
Refunding Bonds	9/3/2014	7/15/2024	2.00-3.50%	2,550,000
Serial Bonds	9/9/2015	9/1/2030	2.25-3.00%	6,240,000
Serial Bonds - Series A	6/25/2019	6/15/2034	2.13-2.75%	18,095,000
Serial Bonds - Series B	6/25/2019	6/15/2034	2.50-3.15%	5,890,000
				$ 34,185,000

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

Year Ending June 30,	Principal	Interest	Total
2022	$ 3,215,000	$ 851,921	$ 4,066,921
2023	3,300,000	768,530	4,068,530
2024	3,380,000	682,489	4,062,489
2025	2,975,000	602,786	3,577,786
2026	2,360,000	538,468	2,898,468
2027-2031	12,730,000	1,789,089	14,519,089
2032-2034	6,225,000	345,153	6,570,153
Total	$ 34,185,000	$ 5,578,436	$ 39,763,436

C. Energy Performance Contract

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract	12/14/2011	12/14/2026	2.66%	$ 2,132,037
Energy performance contract	1/5/2012	12/14/2026	3.62%	261,824
Energy performance contract	8/28/2019	2/15/2034	1.96%	9,647,079
				$ 12,040,940

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	$ 1,067,039	$ 249,572	$ 1,316,611
2023	1,091,399	225,212	1,316,611
2024	1,116,336	200,275	1,316,611
2025	1,141,864	174,747	1,316,611
2026	1,167,997	148,615	1,316,612
2027-2031	4,007,840	450,375	4,458,215
2032-2034	2,448,465	84,809	2,533,274
Total	$ 12,040,940	$ 1,533,605	$ 13,574,545

D. Interest Expense

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

Interest paid	$ 1,212,686
Less interest accrued in the prior year	(236,918)
Plus interest accrued in the current year	200,739
Total interest expense on long-term debt	$ 1,176,507

14. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 15.06% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was $6,416,335 for TRS at a contribution rate of 9.53%, and $1,925,886 for ERS at an average contribution rate of 13.73%.

D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	$ (10,695,068)	$ (39,298)
District's portion of the Plan's total net pension asset/(liability)	0.387044%	0.0394666%
Change in proportion since the prior measurement date	0.003599	(0.0000491)

For the year ended June 30, 2021, the District recognized pension expense of $14,551,101 for TRS and $1,175,325 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 9,371,019	$ 479,941	$ 548,102	$
Changes of assumptions	13,526,771	7,225,720	4,821,587	136,279
Net difference between projected and actual earnings on pension plan investments	6,984,817			11,288,833
Changes in proportion and differences between the District's contributions and proportionate share of contributions	775,713	669,869	269,615	73,121
District contributions subsequent to the measurement date	6,416,335	703,329		
Total	$ 37,074,655	$ 9,078,859	$ 5,639,304	$ 11,498,233

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

Year Ending June 30,	TRS	ERS
2022	$ 4,318,093	$ (443,009)
2023	8,562,161	(76,574)
2024	7,076,662	(487,873)
2025	4,388,813	(2,115,247)
2026	206,100	
Thereafter	467,187	
	$ 25,019,016	$ (3,122,703)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

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

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

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

For ERS, the long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternative investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). 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 determined. 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 Asset/(Liability) to the Discount Rate Assumption

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

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset (liability)	$ (67,557,057)	$ (10,695,068)	$ 37,026,552

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	$ (10,907,733)	$ (39,298)	$ 9,983,942

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2021 amounted to $6,416,335 of employer contributions and $264,639 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $703,329 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled $959,519 and $3,947,999, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled $192,220.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description –The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on 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 – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	808
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	727
	1,535

B. Total OPEB Liability

The District's total OPEB liability of $292,476,663 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.60%	
Salary increases	2.60%	average, including inflation
Discount rate	2.16%	
Healthcare cost trend rates	6.60%	for 2021, decreasing to an ultimate rate of 4.10% over 56 years
Retirees' share of benefit-related costs	10-25%	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-Ultimate.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	$ 281,308,746
Changes for the year	
Service cost	9,599,601
Interest	6,350,371
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	2,379,534
Benefit payments	(7,161,589)
	11,167,917
Balance at June 30, 2021	$ 292,476,663

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	$ (346,395,246)	$ (292,476,663)	$ (249,646,365)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.60%) or 1 percentage point higher (7.60%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.60% decreasing to 3.10%	Healthcare Cost Trend Rates 6.60% decreasing to 4.10%	1% Increase 7.60% decreasing to 5.10%
Total OPEB liability	$ (246,640,602)	$ (292,476,663)	$ (352,955,653)

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

For the year ended June 30, 2021, the District recognized OPEB expense of $19,838,260. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,252,187	$
Changes of assumptions or other inputs	24,563,945	10,540,163
Total	$ 31,816,132	$ 10,540,163

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

Year Ending June 30,	Amount
2022	$ 3,888,288
2023	3,888,288
2024	3,888,288
2025	4,742,893
2026	4,829,206
Thereafter	39,006
	$ 21,275,969

17. DEFERRED INFLOWS OF RESOURCES

Included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2021, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2021, total $24,235.

18. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims activity is summarized below:

	2020	2021
Unpaid claims at beginning of year	$ 2,152,266	$ 2,389,814
Incurred claims and claim adjustment expenses	1,299,880	879,964
Claim payments	(1,062,332)	(1,046,407)
Unpaid claims at year end	$ 2,389,814	$ 2,223,371

At June 30, 2021, the District had $4,200,036 of funds in the workers' compensation reserve.

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2022.

Workers' Compensation	$ 1,000,000
Retirement Contribution - ERS	1,092,230
Employee Benefit Accrued Liability	3,932,209
	$ 6,024,439

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $1,000,000 has been appropriated to reduce taxes for the year ending June 30, 2022.

21. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve activity since inception:

Date Created	May 2018
Number of Years to Fund	10
Maximum Funding	$ 15,000,000
General Fund	
Funding Provided Since Inception	$ 5,132,781
Interest Earnings Since Inception	24,469
Use of Reserve Since Inception	(1,157,071)
Balance as of June 30, 2021	$ 4,000,179
Capital Projects Fund	
Funding Provided Since Inception	$ 1,157,071
Use of Reserve Since Inception	-
Balance as of June 30, 2021	$ 1,157,071

22. TAX ABATEMENTS

The Town of Babylon Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District received payment in lieu of taxes (PILOT) payments for four properties totaling $181,187 for the year ended June 30, 2021; the District's property tax revenue was reduced by $294,181.

In addition, the District began receiving PILOT payments totaling $233,480 in the 2020-2021 fiscal year for a property which has been under development. The abated 2020-2021 taxes on the property was $50,912. This rental apartments project is near completion and will open in early October 2021; the future assessed value and amounts of abated school property taxes under this PILOT agreement will increase significantly.

23. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*, which resulted in an increase of $571,665 in fund balance of the governmental funds, as well as the Statement of Net Position. The District's fund balance and total net position (deficit) have been restated as follows:

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)				
Beginning of Year, as Reported	$ 32,799,815	$	$	$ (181,661,605)
Assets				
Cash	328,119	134,963	436,702	899,784
Accounts receivable	19,111			19,111
	347,230	134,963	436,702	918,895
Liabilities				
Due to fiduciary fund	(45,483)			(45,483)
Other liabilities	392,713			392,713
	347,230	-	-	347,230
Fund Balance/Net Position				
Restricted			436,702	436,702
Assigned, unappropriated		134,963		
Unrestricted				134,963
	-	134,963	436,702	571,665
Fund Balance/Net Position (Deficit)				
Beginning of Year, as Restated	$ 32,799,815	$ 134,963	$ 436,702	$ (181,089,940)

24. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	$ 1,589,037
Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	78,824
Instruction	47,887
	126,711
School Food service fund	
Food service	894
Capital Projects Fund	
Capital projects	494,584
	622,189
	$ 2,211,226

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes the outcome of any matters will not have a material effect on these financial statements. Several lawsuits have also been commenced against the District under the Child Victim's Act. These matters are being handled by the District's insurer. It is not possible to estimate the outcome of those lawsuits at this time.

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was $12,542. The minimum remaining operating lease payments are as follows:

Year Ending June 30,	Amount
2022	$ 12,542
2023	12,542
2024	12,542
2025	12,542
	$ 50,168

E. BOCES Agreements

The District has various agreements with BOCES to provide copiers and technology equipment. The expenditure for these agreements was $298,143 for the year ended June 30, 2021. The following is summary of future obligations under these agreements:

Year Ending June 30,	Amount
2022	$ 279,330
2023	279,330
2024	39,344
	$ 598,004

25. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

A. Issuance of Serial Bonds

On July 13, 2021, the District issued serial bonds in the amount of $9,400,000 for the construction and improvements to the Lindenhurst Memorial Library, as approved by the District's voters on October 6, 2019. The bonds carry an interest rate of 2%, with annual debt service payments of approximately $726,000 - $738,000 through the maturity date of June 15, 2036. The debt service payments will be reimbursed by the Library.

B. Issuance of TANs

On September 1, 2021, the District issued tax anticipation notes (TANs) in the amount $35,000,000. The TANs mature on June 24, 2022 with a stated interest rate of 1.00%. The District received an issuance premium of $254,800, for a net effective interest rate of 0.1055%.

C. Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)

In August 2021, the District was awarded CRRSA funding of $4,817,332 through the ESSER2 program and $544,162 through the GEER2 program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services.

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 104,833,668	$ 93,211,908	$ 93,211,957	$ 49
Other tax items	382,986	12,004,746	12,036,426	31,680
Charges for services	470,000	470,000	566,413	96,413
Use of money and property	425,000	425,000	991,137	566,137
Sale of property and compensation for loss			779,893	779,893
Miscellaneous	335,820	352,720	597,671	244,951
Total Local Sources	106,447,474	106,464,374	108,183,497	1,719,123
State Sources	50,322,262	50,322,262	55,467,334	5,145,072
Medicaid Reimbursement	175,000	175,000	125,226	(49,774)
Federal Sources	678,064	678,064	752,863	74,799
Total Revenues	157,622,800	157,639,700	164,528,920	6,889,220
OTHER FINANCING SOURCES				
Operating Transfers In			24,221	24,221
Total Revenues and Other Sources	157,622,800	157,639,700	164,553,141	$ 6,913,441
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	5,107,006	5,107,006		
Prior Year's Encumbrances	125,767	125,767		
Appropriated Reserves	7,526,857	8,683,928		
Total Appropriated Fund Balance	12,759,630	13,916,701		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 170,382,430	$ 171,556,401		

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.

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 60,336	$ 60,336	$ 47,837	$	$ 12,499
Central administration	369,372	385,163	377,815		7,348
Finance	1,677,926	1,591,344	1,516,036		75,308
Staff	878,473	936,864	925,550		11,314
Central services	12,415,106	13,329,669	12,310,422	78,824	940,423
Special items	1,300,435	1,301,660	1,279,233		22,427
Total General Support	16,701,648	17,605,036	16,456,893	78,824	1,069,319
Instruction					
Administration & improvement	7,136,153	7,194,153	7,139,410		54,743
Teaching - regular school	50,761,516	48,798,384	47,825,157	30,610	942,617
Programs for students with disabilities	24,037,306	25,553,211	24,113,150		1,440,061
Occupational education	2,041,114	1,837,474	1,831,091		6,383
Teaching - special schools	62,500	62,500	20,845		41,655
Instructional media	3,064,655	3,838,685	3,646,742	6,880	185,063
Pupil services	6,886,605	7,076,200	6,602,589	10,397	463,214
Total Instruction	93,989,849	94,360,607	91,178,984	47,887	3,133,736
Pupil Transportation	8,309,124	8,269,424	7,496,371		773,053
Community Services	52,550	51,666	1,022		50,644
Employee Benefits	43,396,042	42,448,011	38,880,960		3,567,051
Debt Service					
Principal	4,610,053	4,610,053	4,610,053		-
Interest	1,550,186	1,281,555	1,273,103		8,452
Total Debt Service	6,160,239	5,891,608	5,883,156	-	8,452
Total Expenditures	168,609,452	168,626,352	159,897,386	126,711	8,602,255
OTHER USES					
Operating Transfers Out	1,772,978	2,930,049	2,736,893		193,156
Total Expenditures and Other Uses	$ 170,382,430	$ 171,556,401	162,634,279	$ 126,711	$ 8,795,411
Net Change in Fund Balance			1,918,862		
Fund Balance - Beginning of Year			32,799,815		
Fund Balance - End of Year			$ 34,718,677		

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.

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Seven Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.387044%	0.383445%	0.387362%	0.396736%	0.401062%	0.397004%	0.401570%
District's proportionate share of the net pension asset/(liability)	$ (10,695,068)	$ 9,961,927	$ 7,004,519	$ 3,015,585	$ (4,296,000)	$ 41,236,000	$ 44,732,000
District's covered payroll	$ 64,623,573	$ 62,744,177	$ 64,727,235	$ 64,601,000	$ 63,679,000	$ 61,481,000	$ 60,955,000
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(16.55)%	15.88 %	10.82 %	4.67 %	(6.75)%	67.07 %	73.39 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0394666%	0.0395157%	0.0396466%	0.0425726%	0.0422200%	0.0434000%	0.0426300%
District's proportionate share of the net pension liability	$ (39,298)	$ (10,463,977)	$ (2,809,082)	$ (1,374,008)	$ (3,967,000)	$ (6,966,000)	$ (1,440,000)
District's covered payroll	$ 13,704,050	$ 13,472,317	$ 13,472,317	$ 12,977,194	$ 12,426,000	$ 11,978,000	$ 13,212,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.29 %	77.67 %	20.85 %	10.59 %	31.92 %	58.16 %	10.90 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	94.70%	97.95%
Discount rate	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Eight Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 6,416,335	$ 5,820,453	$ 6,797,141	$ 6,183,492	$ 7,324,000	$ 7,791,000	$ 10,549,000	$ 9,690,000	$ -	$ -
Contributions in relation to the contractually required contribution	6,416,335	5,820,453	6,797,141	6,183,492	7,324,000	7,791,000	10,549,000	9,690,000	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 66,152,904	$ 64,623,573	$ 62,744,177	$ 64,727,235	$ 64,601,000	$ 63,679,000	$ 61,481,000	$ 60,955,000	**~ Information Not Available ~**	
Contributions as a percentage of covered payroll	10%	9%	11%	10%	11%	12%	17%	16%		

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,925,886	$ 1,903,186	$ 1,884,498	$ 1,974,303	$ 1,800,000	$ 2,181,000	$ 2,202,000	$ 2,479,000	$ -	$ -
Contributions in relation to the contractually required contribution	1,925,886	1,903,186	1,884,498	1,974,303	1,800,000	2,181,000	2,202,000	2,479,000	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 14,030,371	$ 13,921,556	$ 13,902,781	$ 12,979,297	$ 12,426,000	$ 11,978,000	$ 13,212,000	$ 12,140,000	**~ Information Not Available ~**	
Contributions as a percentage of covered payroll	14%	14%	14%	15%	14%	18%	17%	20%		

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 9,599,601	$ 7,255,164	$ 8,207,789	$ 7,968,727
Interest	6,350,371	8,194,720	7,359,005	7,088,639
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	10,302,141	-	50,008
Changes of assumptions or other inputs	2,379,534	32,180,669	(19,086,239)	-
Benefit payments	(7,161,589)	(6,947,555)	(6,450,988)	(6,219,123)
Net change in total OPEB liability	11,167,917	50,985,139	(9,970,433)	8,888,251
Total OPEB liability, beginning	281,308,746	230,323,607	240,294,040	231,405,789
Total OPEB liability, ending	$ 292,476,663	$ 281,308,746	$ 230,323,607	$ 240,294,040
Covered employee payroll	$ 71,745,727	$ 71,745,727	$ 71,820,000	$ 71,820,000
Total OPEB liability as a percentage of covered employee payroll	407.66%	392.09%	320.70%	334.58%
Discount rate	2.16%	2.21%	2.74%	4.10%
Healthcare trend rates	6.60% to 4.10% by 2076	6.60% to 4.10% by 2076	7.00% to 5.00% by 2023	8.00% to 5.00% by 2021

An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

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

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 170,256,663
Additions:	
Prior year's encumbrances	125,767
Original Budget	170,382,430
Budget revisions	1,173,971
Final Budget	$ 171,556,401

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		$ 173,107,128
Maximum allowed (4% of 2021-2022 budget)		$ 6,924,285
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,126,711	
Unassigned fund balance	6,924,285	
		$ 8,050,996
Less:		
Appropriated fund balance	1,000,000	
Encumbrances	126,711	
Total adjustments		1,126,711
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 6,924,285
Actual Percentage		4.00%

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2021

PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance	Methods of Financing Proceeds of Obligations	Methods of Financing State Aid	Methods of Financing Local Sources	Methods of Financing Total	Fund Balance June 30, 2021
Capital Projects 2015-16 and prior	$ 3,385,751	$ 3,385,751	$ 3,385,751	$	$ 3,385,751	$	$	$	$ 3,385,751	$ 3,385,751	$ -
Capital Projects 2016-17	350,000	350,000	357,723	(12,607)	345,116	4,884			350,000	350,000	4,884
Capital Projects 2017-18	500,000	500,000	479,234	15,537	494,771	5,229			500,000	500,000	5,229
Capital Projects 2018-19	875,000	875,000	136,283	460,747	597,030	277,970		125,000	750,000	875,000	277,970
Capital Projects 2019-20	750,000	750,000	607,061	142,939	750,000	-			750,000	750,000	-
Capital Projects 2020-21	-	1,351,000	-	291,802	291,802	1,059,198			1,351,000	1,351,000	1,059,198
Smart Schools Bond Act Projects	265,918	265,918	256,038		256,038	9,880		265,918		265,918	9,880
2004 District-Wide Bond Projects	9,447,300	9,447,300	9,294,652		9,294,652	152,648	9,447,300			9,447,300	152,648
District-Wide EXCEL Projects	7,598,111	7,598,111	7,538,204		7,538,204	59,907	5,257,106	2,341,005		7,598,111	59,907
Energy Performance Bond	11,183,951	11,183,951	11,039,017		11,039,017	144,934	5,451,226		5,732,725	11,183,951	144,934
2016 District-Wide Bond Projects	8,800,000	8,800,000	8,798,778		8,798,778	1,222	8,800,000			8,800,000	1,222
2018 District-Wide Bond Projects	27,087,520	27,087,520	16,934,730	7,112,007	24,046,737	3,040,783	27,087,520			27,087,520	3,040,783
2020 Energy Performance Contract	10,615,795	10,615,795	5,390,601	5,082,161	10,472,762	143,033	10,615,795			10,615,795	143,033
2021 Capital Reserve	-	1,157,071	-		-	1,157,071			1,157,071	1,157,071	1,157,071
2021 Library Bond Project	-	9,400,000	-	418,995	418,995	8,981,005	9,400,000			9,400,000	8,981,005
Totals	$ 80,859,346	$ 92,767,417	$ 64,218,072	$ 13,511,581	$ 77,729,653	$ 15,037,764	$ 76,058,947	$ 2,731,923	$ 13,976,547	$ 92,767,417	15,037,764
										Less: Bonds unissued at June 30th	(9,400,000)
										Less: State aid not yet realized	(35,115)
											$ 5,602,649

LINDENHURST UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	$ 80,710,952
Short-term portion of bonds payable	3,215,000
Long-term portion of bonds payable	30,970,000
Less: Unspent bond proceeds	(3,399,494)
Short-term portion of energy performance contract	1,067,039
Long-term portion of energy performance contract	10,973,901
Less: Unspent energy performance contract proceeds	(143,033)
	42,683,413
Net Investment in Capital Assets	$ 38,027,539

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 – 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

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

To the Board of Education
Lindenhurst Union Free School District
Lindenhurst, 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 the fiduciary fund of the Lindenhurst Union Free School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2021. That report included a qualified opinion on the extraclassroom activities fund opinion unit based on a scope limitation.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Lindenhurst Union Free School District in a separate letter dated September 30, 2021.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

September 30, 2021

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 , 2022

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

Ladies and Gentlemen:

We have acted as Bond Counsel to Lindenhurst 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 $35,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the "Note"), dated and delivered the date hereof.

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

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

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon 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, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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 Lindenhurst 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 September 1, 2022.

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

"Securities" shall mean the Issuer's $35,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 1, 2022, maturing on June 28, 2023, and delivered on the date hereof.

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

(1) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(9) defeasances;

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

(11) rating changes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 1, 2022.**

LINDENHURST UNION FREE SCHOOL DISTRICT

By____

President of the Board of Education