

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 31, 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.*

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SUFFOLK & NASSAU COUNTIES, NEW YORK**

**\$12,500,000\* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES  
(the "Notes")**

**Date of Issue: September 27, 2022**

**Maturity Date: June 28, 2023**

The Notes are general obligations of the Cold Spring Harbor Central School District, in Suffolk and Nassau Counties, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "*The Tax Levy Limit Law*" herein.)

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 13, 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 27, 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 CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

August , 2022

\*Preliminary, subject to change.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SUFFOLK & NASSAU COUNTIES, NEW YORK**

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\* \* \*

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\* \* \*

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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**

### **COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT SUFFOLK & NASSAU COUNTIES, NEW YORK**

#### **Relating To**

#### **\$12,500,000\* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES (the "Notes")**

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Cold Spring Harbor Central School District in the Counties of Suffolk & Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$12,500,000\* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has affected education, travel, commerce, financial markets globally and economic growth worldwide. 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: Christine S. Costa, CPA, Assistant Superintendent for Business, Cold Spring Harbor Central School District, 75 Goosehill Road, Cold Spring Harbor, New York 11724, Phone (631) 367-5928, Fax (631) 692-8126 and email: ccosta@csh.k12.ny.us.

##### **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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

### **Authorization for and Purpose of Notes**

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

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

### **Security and Source of Payment**

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

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

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

### **REMEDIES UPON DEFAULT**

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

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

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

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

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

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

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



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

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

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

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

### **NO PAST DUE DEBT**

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

### **BANKRUPTCY**

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

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

## **THE DISTRICT**

### **Description**

The District is located on the north shore of Long Island and straddles the Nassau County and Suffolk County border. The School District has a land area of approximately 18 square miles. Located wholly within the boundaries of the District is the Incorporated Village of Lloyd Harbor and most of the Incorporated Village of Laurel Hollow.

The northern boundary of the District is formed by Cold Spring Harbor, Lloyd Harbor and the Long Island Sound. During the 19th Century, Cold Spring Harbor was a whaling port and the Cold Spring Harbor Whaling Museum is located within the District. Also, located within the District is Caumsett State Park and the New York State Fish Hatchery. The Town of Huntington maintains public beaches and various recreational facilities throughout the District, and there are private yacht and country clubs, as well.

The area served by the District is predominately residential in character. A majority of the District is composed of large residential estates. Retail commercial business activity is found along the major thoroughfares of the District. Cold Spring Harbor Laboratories, a biological and DNA research facility, is located within the District and is a major employer. The District's location on the Nassau/Suffolk border, provides residents with employment opportunities throughout Nassau County and western Suffolk County. Many residents commute to New York City for employment.

The District is served by the Long Island Railroad which maintains a station within a 1/4 mile of the southern boundary of the District. An ample network of roads provides easy access to and from the District. Major highways include Route 25A (Main Street) which runs along Long Islands' North Shore, Route 108 and Woodbury Road. The residents of the District are provided with bus service to surrounding areas by Huntington Area Rapid Transit.

Water, electric, gas, sewage collection, fire and police protection are provided to residents of the School District as follows:

Electrical service is provided by PSEG Long Island. Natural gas service is provided by National Grid. The District's water supply and distribution system is administered by the Oyster Bay Water District, Suffolk County Water Authority and the Huntington Water District. Nassau County provides sanitary sewer services to District residents, which are primarily supported by special assessments. Police protection is provided by the Suffolk County Police, Oyster Bay Cove Police and Lloyd Harbor Police. Fire protection is provided by the Cold Spring Harbor Fire District, Huntington Fire District and Atlantic Steamer Fire Company. Ambulance service is provided by local volunteer units.

### **District Organization**

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

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

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

### Enrollment

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

<u>School Year</u>	<u>School Enrollment</u>
2018	1,747
2019	1,719
2020	1,665
2021	1,623
2022	1,631

Source: District Officials.

### Projected Future Enrollment

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

<u>School Year</u>	<u>School Enrollment</u>
2023	1,588
2024	1,567

Source: District Officials.

### District Facilities

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

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Date of Last Addition</u>	<u>Capacity</u>
Goosehill Primary Center	K-1	1948	2002	400
Lloyd Harbor Elementary School	2-6	1935	2002	500
West Side Elementary School	2-6	1940	2002	300
Cold Spring Harbor Junior/Senior High School	7-12	1960	2004	1,500

### Employees

The District provides services through approximately 308 employees who are represented by the following units of organized labor, plus non-union employees not represented.

<u>Name of Union</u>	<u>Expiration Date of Contract</u> <sup>a</sup>	<u>Approx. No. of Members</u>
Harbor Teachers Association	06/30/2024	165
CSEA	06/30/2020	13
United Public Service Employees Union	06/30/2026	27
United Public Service Employees Union	06/30/2025	29
Educational Resource Personnel	06/30/2021	60
Nurses Association	06/30/2023	4
Association of CSH Administrators	06/30/2025	10

a. Any contracts expired as of the date of this Official Statement are in negotiation.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population Trends

The following table sets forth population statistics for the District, the Town of Oyster Bay and the Town of Huntington.

<u>Year</u>	<u>District</u>	<u>Town of Oyster Bay</u>	<u>Town of Huntington</u>
2009	8,798	301,640	202,047
2010	8,803	291,609	202,185
2013	7,880	294,307	203,447
2014	8,024	295,821	204,088
2020	8,479	297,349	201,205

Source: U.S. Bureau of the Census.

### Income Data

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

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020<sup>a</sup></u>
District	-	-	\$91,957	\$101,117
Town of Oyster Bay	\$24,449	\$35,895	46,598	60,848
Nassau County	23,352	32,151	41,387	53,363
Town of Huntington	24,810	36,390	46,862	61,103
Suffolk County	18,481	26,577	35,755	46,466
New York State	16,501	23,389	30,948	40,898

Source: United States Bureau of the Census

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

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020<sup>a</sup></u>
District	-	-	\$166,625	\$248,125
Town of Oyster Bay	\$59,286	\$78,839	104,453	132,216
Nassau County	54,283	72,030	93,613	120,036
Town of Huntington	60,530	82,528	102,782	131,519
Suffolk County	49,128	65,288	84,506	105,362
New York State	32,965	43,393	55,603	71,117

Source: United States Bureau of the Census

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

**Listing of Larger Employers**  
(As of 2021)

<u>Name</u>	<u>Estimated Number of Employees</u>
Cold Spring Harbor Laboratories	365
Cold Spring Harbor Central School District	312

**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) are the Towns of Huntington and Oyster Bay. The information set forth below with respect to such Towns is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Towns or vice versa.

<u>Annual Averages:</u>	<u>Town of Huntington (%)</u>	<u>Town of Oyster Bay (%)</u>	<u>State of New York (%)</u>
2017	4.1	3.9	4.7
2018	3.4	3.3	4.1
2019	3.3	3.2	4.0
2020	7.9	7.8	10.0
2021	4.1	4.1	6.9
2022 (7 Month Average)	2.8	2.7	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 Bonds:

**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 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 maturity of the several objects or purposes for which 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 District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications for such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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 Bonds. However, such finance board may delegate the power to sell the Bonds 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 31, 2022)

<u>In Towns of: (2021-2022) <sup>a</sup></u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Huntington	\$20,670,198	0.74	\$2,793,270,000
Oyster Bay	<u>982,755</u>	0.17	<u>578,091,176</u>
	\$21,652,953		\$3,371,361,176
Debt Limit - 10% of Full Valuation			337,136,118
Inclusions: <sup>b</sup>			
Outstanding Bonds			\$20,000,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness Before Issuing the Bonds			<u>20,000,000</u>
Exclusions (Estimated Building Aid) <sup>c</sup>			<u>3,000,000</u>
Total Net Indebtedness			<u>17,000,000</u>
Net Debt Contracting Margin			<u><u>\$320,136,118</u></u>
Per Cent of Debt Contracting Margin Exhausted (%)			5.04%

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

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

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

**Details of Short-Term Indebtedness Outstanding**

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

**Trend of Outstanding Indebtedness**  
As at June 30:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$10,760,000	\$8,240,000	\$5,600,000	\$2,855,000	\$20,000,000
BANs	0	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals:	<u><u>\$10,760,000</u></u>	<u><u>\$8,240,000</u></u>	<u><u>\$5,600,000</u></u>	<u><u>\$2,855,000</u></u>	<u><u>\$20,000,000</u></u>

### Debt Service Requirements - Outstanding Bonds <sup>a</sup>

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$1,300,000	\$615,031	\$1,915,031
2024	1,225,000	589,032	1,814,032
2025	1,190,000	558,406	1,748,406
2026	1,180,000	522,706	1,702,706
2027	1,190,000	487,307	1,677,307
2028	1,225,000	451,606	1,676,606
2029	1,270,000	414,857	1,684,857
2030	1,300,000	376,756	1,676,756
2031	1,335,000	337,756	1,672,756
2032	1,375,000	297,706	1,672,706
2033	1,415,000	256,456	1,671,456
2034	1,455,000	212,238	1,667,238
2035	1,460,000	164,950	1,624,950
2036	1,505,000	115,675	1,620,675
2037	1,575,000	63,000	1,638,000
Totals:	<u>\$20,000,000</u>	<u>\$5,463,482</u>	<u>\$25,463,482</u>

a. Does not include payments made to date.

### Tax Anticipation Notes

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

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

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Amount</u>	<u>Issued</u>	<u>Maturity</u>
2018	\$5,000,000	09/27/2017	06/27/2018
2019	6,000,000	09/26/2018	06/27/2019
2020	9,000,000	09/26/2019	06/25/2020
2021	9,000,000	09/30/2020	06/25/2021
2022	9,000,000	10/07/2021	06/24/2022

### Authorized and Unissued Debt

On November 19, 2019, the voters of the District approved the issuance of bonds in an amount of not to exceed \$33,200,000 for various improvements to the District. As of the date of this Official Statement, the District has \$13,200,000 in authorized and unissued debt. The District has or plans to fund the balance of the authorization with bond proceeds and/or available funds.



## Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	03/21/2022	1.03	\$14,750,401	\$12,151,690
County of Nassau	05/31/2021	0.32	13,716,403	11,474,726
Town of Huntington	07/01/2021	5.78	6,156,567	5,767,619
Town of Oyster Bay	02/05/2022	1.22	8,073,202	5,492,065
Village of Lloyd Harbor	04/19/2022	100.00	1,615,000	1,615,000
Village of Laurel Hollow	04/19/2022	80.00	2,000,000	2,000,000
Cold Spring Harbor Fire District	12/31/2021	100.00	0	0
Cold Spring Harbor Library	04/19/2022	100.00	1,940,000	1,940,000
Totals:			<u>\$48,251,573</u>	<u>\$40,441,100</u>

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

### Debt Ratios (As of August 31, 2022)

	<u>Amount</u>	<u>Per Capita</u> <sup>a</sup>	<u>Percentage of Full Value (%)</u> <sup>b</sup>
Total Direct Debt	\$20,000,000	\$2,359	0.593
Net Direct Debt	17,000,000	2,005	0.504
Total Direct & Applicable Total Overlapping Debt	68,251,573	8,049	2.024
Net Direct & Applicable Net Overlapping Debt	57,441,100	6,775	1.704

a. Current population of the District is 8,479.

b. The full valuation of taxable property for 2021-22 is \$3,371,361,176.

## FINANCES OF THE DISTRICT

### Impact of COVID-19

The District incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to hiring additional personnel and for cleaning supplies and equipment, the aggregate cost of which total approximately \$1,000,000. The District paid such costs from budgetary appropriations and/or available funds. (See also “*State Aid*” herein.)

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

The District has received \$68,978 in CARES Act funding, and is expected to receive a total of \$381,010 through CRRSA Funding and \$856,312 through 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, school lunch fund and special purpose fund. In addition, a capital projects fund is used to record capital facility projects, while an agency fund accounts for assets received by the District in a fiduciary capacity.

## **Basis of Accounting**

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

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

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

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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 <u>June 30:</u>	General Fund <u>Total Revenue</u>	<u>State Aid</u>	State Aid to <u>Revenues (%)</u>
2017	\$64,695,815	\$4,020,393	6.21
2018	67,042,331	4,670,774	6.97
2019	68,429,009	4,081,860	5.97
2020	70,177,024	3,933,849	5.61
2021	70,990,653	4,158,966	5.86
2022 (Budgeted) <sup>a</sup>	72,017,418	4,153,052	5.77
2023 (Budgeted) <sup>a</sup>	73,420,423	4,355,193	5.93

Source: Audited Financial Statements of the District and Adopted Budget 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 programmed \$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's allocation of funds is \$941,980. The District has spent approximately \$368,366 of such amount.

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

## **Expenditures**

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

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

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

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

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

In addition, OSC helps school districts and local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of school districts and local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released July 27, 2018. The purpose of such audit was to examine the school's control over debit card use for the period July 1, 2015 through February 28, 2017. The complete report, together with the District's response, may be found on the OSC's official website.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this 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 District established a TRS reserve fund in the 2018-2019 fiscal year.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the amounts budgeted for the 2022 and 2023 fiscal years.

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
2017	\$3,535,967	\$824,732
2018	3,222,083	860,378
2019	2,685,792	813,518
2020	2,905,203	807,303
2021	2,555,399	851,126
2022 (Budgeted)	3,017,633	938,773
2023 (Budgeted)	3,092,084	694,990

Source: Audited Financial Statements and District Officials.

### **Other Post-Employment Benefits**

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

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

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



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

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending June 30, 2021:</u>
Balance as of June 30, 2020	\$117,128,753
Changes for the year:	
Service Cost	3,639,431
Interest	2,529,156
Differences between actual and expected experience	(16,241,687)
Change in assumptions or other inputs	7,143,879
Benefit payments	<u>(2,591,288)</u>
Total Changes	<u>(\$5,520,509)</u>
Total OPEB liability as of June 30, 2021	<u><u>\$111,608,244</u></u>

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

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

## 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 County of Nassau and the Town of Huntington. Assessment valuations are determined by the assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see “*The Tax Levy Limit Law*” herein for a discussion of certain statutory limitation that have been imposed.

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

<u>Fiscal Year Ending June 30:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2017	\$64,695,815	\$58,529,643	90.47
2018	67,042,331	60,084,353	89.62
2019	68,429,009	61,843,832	90.38
2020	70,177,024	64,052,498	91.27
2021	70,990,653	65,124,666	91.74
2022 (Budgeted) <sup>a</sup>	72,017,418	66,475,936	92.31
2023 (Budgeted) <sup>a</sup>	73,420,423	67,565,094	92.02

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

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

### **Tax Collection Procedure**

#### Suffolk County

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

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

#### Nassau County

Property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The town tax receiver pays to each school district the amounts collected therefore on the first day of each month from October 1 to June 1. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a town charge.

On or before June 1, the town tax receiver files a report of any uncollected school district taxes with the County. The County thereafter on or before June 15 pays to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in recent years, this has not always been the case as some of these payments have been delayed.

As a result of the COVID-19 outbreak, the Governor issued an Executive Order that extended the deadline to pay the second installment of school district property taxes until June 1, 2020, without interest or penalty. The Governor issued a second Executive Order that extended the deadline to pay the first installment of school district property taxes until December 1, 2020, without interest or penalty. Such extension did not result in a delay in the receipt of taxes collected and paid to school districts by the town tax receiver and by the County in accordance with the procedures set forth above. The delays did not have a material adverse financial impact on the District.

## **The Tax Levy Limit Law**

Chapter 97 of the 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 (such as the Bonds) 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, 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 10% 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 10% of the District's 2022-2023 school tax levy exempted by the STAR program and the District is expected to receive full reimbursement of such exempt taxes from the State in January 2023. (See "State Aid" herein).

### Valuations and Tax Levies

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation:					
Town of:					
Huntington	\$21,098,075	\$20,992,249	\$20,928,362	\$20,820,027	\$20,670,198
Oyster Bay	<u>1,977,968</u>	<u>1,927,335</u>	<u>1,872,794</u>	<u>960,108</u>	<u>982,755</u>
Total Assessed Valuation	\$23,076,043	\$22,919,584	\$22,801,156	\$21,780,135	\$21,652,953
Equalization Rates:					
Town of:					
Huntington	0.84%	0.80%	0.76%	0.74%	0.74%
Oyster Bay	0.24%	0.22%	0.21%	0.17%	0.17%
Full Valuation					
Town of:					
Huntington	\$2,511,675,595	\$2,624,031,125	\$2,753,731,842	\$2,813,517,162	\$2,793,270,000
Oyster Bay	<u>824,153,333</u>	<u>876,061,364</u>	<u>891,806,667</u>	<u>564,769,412</u>	<u>578,091,176</u>
Total Full Valuation	\$3,335,828,929	\$3,500,092,489	\$3,645,538,509	\$3,378,286,574	\$3,371,361,176
Tax Levy					
Town of:					
Huntington	\$47,402,350	\$48,877,077	\$50,086,085	\$49,542,055	\$49,657,524
Oyster Bay	<u>13,936,094</u>	<u>14,133,206</u>	<u>14,775,454</u>	<u>16,277,070</u>	<u>16,818,412</u>
Total Tax Levy	\$61,338,444	\$63,010,283	\$64,861,539	\$65,819,125	\$66,475,936

**Selected Listing of Large Taxable Properties**  
2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Iroquois Gas Trans System	Commercial	\$ 199,181
LHV Holdings LLC	Commercial	127,100
Long Island Power Authority	Utility	118,146
Laval Properties Corp. NV	Commercial	96,650
Long Island Lighting Co	Utility	57,300
Huntington Purchase Inc	Commercial	55,600
31FO, LLC	Commercial	52,560
Resident	Residential	47,800
Keyspan Corporation	Utility	41,629
Resident	Residential	40,400
Resident	Residential	39,575
Resident	Residential	39,325
Resident	Residential	38,000
Resident	Residential	35,550
Tourbillon LLC	Commercial	35,425
Total		<u><u>\$1,024,241</u></u>

a. Represents 4.73% of the total full valuation of the District for 2021-2022.  
Source: Town Assessment Rolls

### 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 at the cost of remedy, should a cyber attack occur.

### LITIGATION

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

The District is the subject to the Child Victims Act claims listed below:

The first action involves a claim of Negligence and Intentional Infliction of Emotional Distress brought pursuant to the Child Victims Act. It is currently pending before the New York State Supreme Court. Discovery has just begun. The District is vigorously defending the allegations contained within the complaint. At this time, the District is unable to determine the amount of loss, which may be attributed to this action.

The second action involves a claim of Negligence under the Child Victims Act. It is currently pending before the Federal District Court, Eastern District of New York. Fact discovery is complete and expert discovery is underway. The District is vigorously defending the allegations contained within the complaint. However, liability appears to be unfavorable. At this time, with expert discovery ongoing, the District is not yet able to determine the amount of loss, which may be attributed to this action.

The third action involves a claim of Negligence under the Child Victims Act. It is currently pending before the Federal District Court, Eastern District of New York. Fact discovery is complete and expert discovery is underway. The District is vigorously defending the allegations contained within the complaint. However, liability appears to be unfavorable. At this time, with expert discovery ongoing, the District is not yet able to determine the amount of loss, which may be attributed to this action.

Insurance coverage is being investigated and pursued on the District's behalf relative to the three Child Victims Act cases noted above. The conclusion of expert discovery and the outcome of efforts to secure insurance coverage will determine whether the three Child Victims Act cases will have an adverse material effect on the financial condition of the District.

## **RISKS FACTORS**

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

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

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time.

Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

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

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

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, 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 Continuing Disclosure”, substantially in the form of which is attached hereto as Appendix E.

## Compliance History

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

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Financial &amp;</u> <u>Operating</u> <u>Information</u>	<u>Audited</u> <u>Financial</u> <u>Statements</u>
2017	10/14/2017	12/14/2017
2018	12/21/2018	11/16/2018
2019	12/20/2019	11/15/2019
2020	11/19/2020	10/27/2020
2021	12/08/2021	11/24/2021

## **RATING**

The Notes are not rated. S&P Global Ratings (“S&P”) 55 Water Street, New York, New York 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, has assigned a rating of “AAA” to the Bonds. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

## **MUNICIPAL ADVISOR**

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal 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: Christine S. Costa, CPA, Assistant Superintendent for Business, Cold Spring Harbor Central School District, 75 Goosehill Road, Cold Spring Harbor, New York 11724, Phone (631) 367-5928, Fax (631) 692-8126 and email: ccosta@csh.k12.ny.us 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](http://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 TARA BELFI  
President of the Board of Education  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York

September , 2022

## **APPENDIX A**

### **FINANCIAL INFORMATION**

**Balance Sheet**  
**General Fund**

	Fiscal Year Ended June 30:	
	<u>2020</u>	<u>2021</u>
Assets:		
Unrestricted Cash	\$ 13,965,196	\$ 12,747,203
Restricted Cash	15,829,498	19,672,673
State and Federal Aid	93,454	147,777
Due from Other Governments	421,115	1,070,552
Property Taxes	753,279	654,924
Due From Other Funds	358,766	456,604
Other Receivables	438,174	
Due From Fiduciary Funds	84,970	
	<u>31,944,452</u>	<u>34,749,733</u>
Total Assets	\$ 31,944,452	\$ 34,749,733
Liabilities:		
Accounts Payable	\$ 894,089	\$ 894,151
Accrued Liabilities	345,902	1,040,602
Due To Other Funds	4,163,012	5,926,498
Due To Other Governments	82,591	91,571
Due To Teachers' Retirement System	2,539,434	2,706,101
Due To Employees Retirement System	245,169	225,790
Unearned Revenues	102,914	
	<u>8,373,111</u>	<u>10,884,713</u>
Total Liabilities	\$ 8,373,111	\$ 10,884,713
Fund Balances:		
Restricted	15,829,498	19,672,673
Assigned	3,476,282	1,311,651
Unassigned	4,265,561	2,880,696
	<u>23,571,341</u>	<u>23,865,020</u>
Total Fund Balances	23,571,341	23,865,020
Total Liabilities and Fund Balances	\$ 31,944,452	\$ 34,749,733

Sources: Audited Financial Statements of the District (2020-2021)

NOTE: This table NOT audited.

**Statement of Revenues, Expenditures and Fund Balances**  
**General Fund**

	Fiscal Year Ended June 30:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 58,529,463	\$ 60,084,353	\$ 61,843,832	\$ 64,052,498	\$ 65,124,666
Other Tax Items	1,421,110	1,331,106	1,230,317	879,606	770,596
Charges for Services	341,478	368,557	424,127	476,859	357,105
Use of Money and Property	29,819	51,245	207,853	337,480	86,873
Sale of Property and Compensation for Loss	7,525		1,800		400
State Sources	4,020,393	4,670,774	4,081,860	3,933,849	4,158,966
Federal Sources	43,615	40,287	73,120	19,062	91,588
Miscellaneous	302,412	496,009	566,100	477,670	400,459
Total Revenues	<u>64,695,815</u>	<u>67,042,331</u>	<u>68,429,009</u>	<u>70,177,024</u>	<u>70,990,653</u>
Expenditures:					
General Support	7,165,146	6,980,448	7,096,968	7,049,503	8,223,451
Instruction	34,808,467	34,492,253	34,450,083	33,735,534	34,288,242
Pupil Transportation	4,119,058	4,137,691	4,092,971	3,352,330	4,085,828
Employee Benefits	13,790,416	13,796,755	14,591,171	13,839,231	14,052,718
Community Services	596	614		575	
Debt Service	3,340,924	3,388,990	3,446,841	3,442,440	5,709,840
Total Expenditures	<u>63,224,607</u>	<u>62,796,751</u>	<u>63,678,034</u>	<u>61,419,613</u>	<u>66,360,079</u>
Excess (Deficit) of Revenues Over Expenditures	1,471,208	4,245,580	4,750,975	8,757,411	4,630,574
Other Sources and Uses:					
Premium on Obligations		37,802	42,962	37,622	61,197
Operating Transfers In	91,725	19,633			
Operating Transfers (Out)	<u>(2,180,316)</u>	<u>(2,194,762)</u>	<u>(1,331,991)</u>	<u>(3,414,030)</u>	<u>(4,398,092)</u>
Total Other Sources and Uses	<u>(2,088,591)</u>	<u>(2,137,327)</u>	<u>(1,289,029)</u>	<u>(3,376,408)</u>	<u>(4,336,895)</u>
Fund Balance - Beg. of Year	9,494,833	8,877,450	14,728,392	18,190,338	23,571,341
Other Changes in Fund Equity		<u>3,742,689</u>			
Fund Balance - End of Year	<u>\$ 8,877,450</u>	<u>\$ 14,728,392</u>	<u>\$ 18,190,338</u>	<u>\$ 23,571,341</u>	<u>\$ 23,865,020</u>

Sources: Audited Financial Statements of the District (2017-2021)

NOTE: This table NOT audited

## Budget Summaries

	Fiscal Years Ending June 30:		
	<u>2021</u> <sup>a</sup>	<u>2022</u> <sup>b</sup>	<u>2023</u> <sup>c</sup>
Revenues:			
Real Property Taxes	\$ 65,819,125	\$ 66,475,936	\$ 67,565,094
State Aid	3,459,560	4,153,052	4,355,193
Other Revenue	619,064	668,430	680,136
Appropriated Fund Balance	795,000	720,000	720,000
Appropriated Reserve	<u>400,000</u>	<u></u>	<u>100,000</u>
Total Revenues	<u>\$ 71,092,749</u>	<u>\$ 72,017,418</u>	<u>\$ 73,420,423</u>
Expenditures:			
General Support	\$ 8,113,587	\$ 8,898,037	\$ 9,970,025
Instruction	37,396,801	37,279,137	37,701,835
Pupil Transportation	5,368,572	5,332,336	5,058,222
Community Services	1,000	1,000	1,000
Employee Benefits	15,763,285	16,144,436	16,320,591
Interfund Transfers	945,000	1,232,000	1,240,000
Debt Service	<u>3,504,504</u>	<u>3,130,472</u>	<u>3,128,750</u>
Total Expenditures	<u>\$ 71,092,749</u>	<u>\$ 72,017,418</u>	<u>\$ 73,420,423</u>

a. Approved by the voters of the District on June 9, 2020.

b. Approved by the voters of the District on May 18, 2021.

c. Approved by the voters of the District on 5/17/2022.

## **APPENDIX B**

### **CASH FLOWS**



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**

**CASH FLOW ACTUAL 2021-2022 (000's)**

	Jul	Aug	Sep	Oct	Nov	Dec 1-20	Dec 21-31	Jan	Feb	Mar	Apr	May	Jun	Total
Balance <sup>a</sup>	17,235	9,932	7,277	3,837	6,483	7,750	1,220	1,696	16,206	18,470	13,104	10,815	17,508	17,235
Receipts														
Property Taxes <sup>b</sup>		655		751	7,000		360	22,692	6,695	529	3,176	11,390	15,563	68,811
STAR Payment								613						613
State Aid	571	89	929	1,416	377	88		11	11	498			94	4,084
Other Receipts	197	13	105	93	208		116	82	189	291	67	672	212	2,245
TAN Proceeds				9,051										9,051
Total Receipts	768	757	1,034	11,311	7,585	88	476	23,398	6,895	1,318	3,243	12,062	15,869	84,804
Disbursements														
Salaries & Benefits	768	928	2,197	4,509	2,856	3,244		2,920	2,947	3,033	4,285	3,030	6,342	37,059
Services & Support	3,211	1,636	2,047	3,890	2,916	3,083		3,080	1,430	3,403	1,056	2,067	2,771	30,590
Equipment		10	45	81	38	106		104	24	63	6	87	143	707
Transfer to Library	185	838	185	185	185	185		186	230	185	185	185	186	2,920
Transfer to Reserves	3,843													3,843
Debt Service	64				323			2,598						2,985
TAN Principal Repayment													9,000	9,000
TAN Interest Repayment													64	64
Total Disbursements	8,071	3,412	4,474	8,665	6,318	6,618	0	8,888	4,631	6,684	5,532	5,369	18,506	87,168
Balance	9,932	7,277	3,837	6,483	7,750	1,220	1,696	16,206	18,470	13,104	10,815	17,508	14,871	14,871
Note Repayment Account														
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	9,000	9,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	9,000	9,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Opening balance does not include restricted reserves.

b. Includes Library Tax

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**

**CASH FLOW PROJECTION 2022-2023 (000's)**

	Jul	Aug	Sep	Oct	Nov	Dec 1-23	Dec 24-31	Jan	Feb	Mar	Apr	May	Jun	Total
Balance <sup>a</sup>	14,871	11,126	4,396	12,479	6,528	7,695	713	1,218	18,761	19,684	13,074	11,045	15,325	14,871
Receipts														
Property Taxes <sup>b</sup>		750		500	7,000		500	24,425	5,496	672	2,442	9,708	18,319	69,812
STAR Payment								750						750
State Aid	523	131	1,307	1,194	261				109	744			87	4,356
Other Receipts	48	61	82	20	82	8	5	116	82	31	41	37	67	680
TAN Proceeds			12,500											12,500
Total Receipts	571	942	13,889	1,714	7,343	8	505	25,291	5,687	1,447	2,483	9,745	18,473	88,098
Disbursements														
Salaries & Benefits	784	946	3,441	3,399	2,914	3,309		2,978	3,006	4,293	3,171	3,090	6,469	37,800
Services & Support	3,314	1,688	2,113	4,014	3,010	3,082		3,278	1,476	3,512	1,089	2,134	2,826	31,536
Equipment	26	60	60	60	60	100		60	60	60	60	50	108	764
Transfer to Library	192	857	192	192	192	192		192	222	192	192	191	191	2,997
Interfund Transfers								1,240						1,240
Transfer to Reserves		4,121												4,121
Debt Service						307							1,608	1,915
TAN Principal Repayment													12,500	12,500
TAN Interest Repayment													166	166
Total Disbursements	4,316	7,672	5,806	7,665	6,176	6,990	0	7,748	4,764	8,057	4,512	5,465	23,868	93,039
Balance	11,126	4,396	12,479	6,528	7,695	713	1,218	18,761	19,684	13,074	11,045	15,325	9,930	9,930
Note Repayment Account														
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	0	12,500	12,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	12,500	12,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Opening balance does not include restricted reserves.

b. Includes Library Tax

**COLD SPRING HARBOR CENTRAL 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.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
COLD SPRING HARBOR, NEW YORK**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

# NawrockiSmith

## ***Changes in Accounting Principles and Prior Period Adjustment***

As described in Note 3 to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-14 and 50-53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department.

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

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York  
October 8, 2021



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

---

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

**FINANCIAL HIGHLIGHTS**

- Revenues increased by 1.1% as a result of increased real property taxes and State sources, offset by decreases in charges for services, use of money and property, and other tax items. Expenses increased by 4.5% as a result of increased general support, instructional and pupil transportation expenses;
- The District continued to offer all programs, without reducing services, while maintaining adequate fund balances;
- The District increased the General Fund budget by \$2,294,058 to pay-off the remaining principal of the installment purchase debt with excess funds, saving taxpayers future interest costs;
- During the fiscal year, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>		
	District-Wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

### **District-wide Financial Statements**

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

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

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

---

**Fund Financial Statements**

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

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

The District maintains governmental funds, which are described as follows:

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position increased by 2.8% from the year before to a net deficit position balance of \$61,059,933, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$25,349,569 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2021, the District has an unrestricted net deficit of \$114,664,266. This deficit is primarily driven by the District's required recognition of the total other postemployment benefit ("OPEB") liability of \$111,608,244 as required by GASB Statement No. 75.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

	<u>6/30/21</u>	<u>(As Restated) 6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 35,813,832	\$ 37,684,742	\$ (1,870,910)	(5.0)
Capital assets, net	31,286,010	30,553,864	732,146	2.4
Total assets	<u>67,099,842</u>	<u>68,238,606</u>	<u>(1,138,764)</u>	<u>(1.7)</u>
Deferred outflows of resources	45,883,498	42,413,427	3,470,071	8.2
Current liabilities	9,806,663	8,356,121	1,450,542	17.4
Long-term liabilities	121,610,850	130,856,001	(9,245,151)	(7.1)
Total liabilities	<u>131,417,513</u>	<u>139,212,122</u>	<u>(7,794,609)</u>	<u>(5.6)</u>
Deferred inflows of resources	42,625,760	34,254,518	8,371,242	24.4
Net position:				
Net investment in capital assets	28,254,764	22,017,517	6,237,247	28.3
Restricted	25,349,569	21,009,583	4,339,986	20.7
Unrestricted (deficit)	<u>(114,664,266)</u>	<u>(105,841,707)</u>	<u>(8,822,559)</u>	<u>(8.3)</u>
Total net position (deficit)	<u>\$ (61,059,933)</u>	<u>\$ (62,814,607)</u>	<u>\$ 1,754,674</u>	<u>2.8</u>

As of June 30, 2021, the District had positive working capital of \$5,163,327 as compared to \$7,806,831 as of June 30, 2020. The decrease is primarily due to an decrease in unrestricted cash of \$1,200,194 and an increase in accounts payable of \$821,995.

As of June 30, 2021, the District had an investment in net capital assets of \$31,286,010 as compared to \$30,553,864 as of June 30, 2020. The increase from 2020 is due to the current year capital outlay exceeding depreciation charges.

Long-term liabilities decreased \$9,245,151 primarily due to the changes in the total OPEB liability and proportionate share of net pension liability.

### **Changes in Net Position**

The District's fiscal year 2021 revenues totaled \$72,262,325 (See Table A-3). Real property taxes and State sources accounted for most of the District's revenue by contributing 90 cents and 6 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other tax items, charges for services, operating grants, miscellaneous, and use of money and property.

Revenues increased 1.1% or \$762,216, primarily as a result of an increase in real property taxes of \$1,072,168 (based on assessed valuation), as well as an increase in State sources of \$225,117, offset by a decrease in charges for services of \$413,422, use of money and property of \$250,684 and other tax items of \$109,010.

The District's fiscal year 2021 expenses totaled \$70,507,651 (See Table A-3). These expenses (83 percent) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 16 percent of total costs.

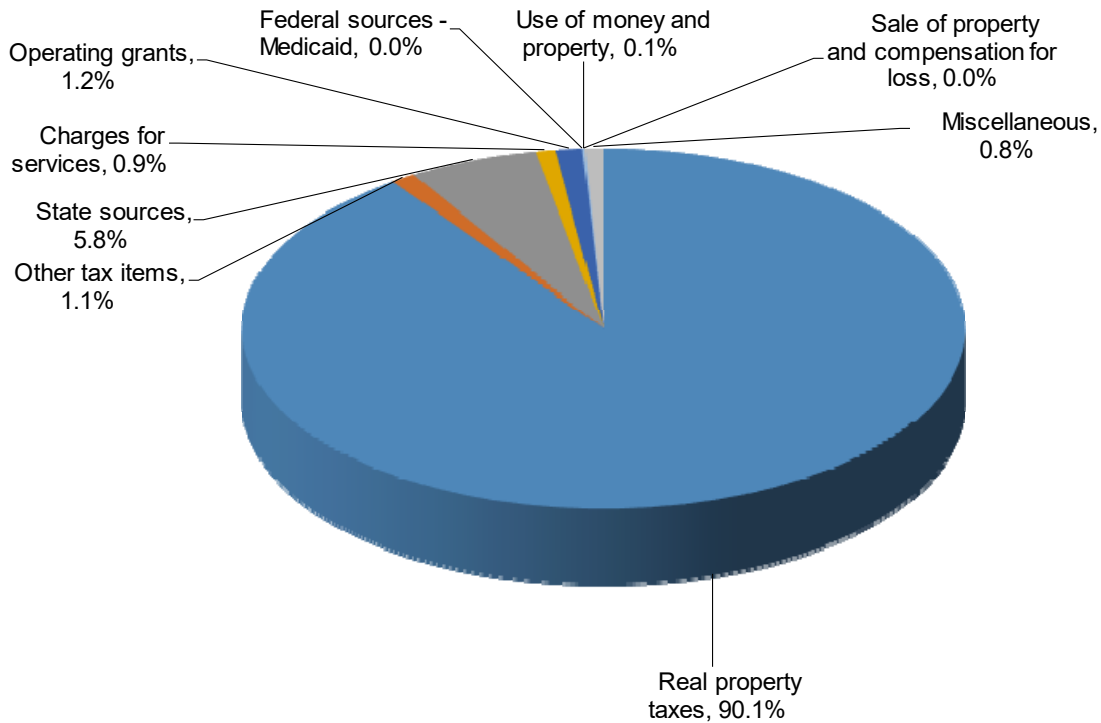
**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

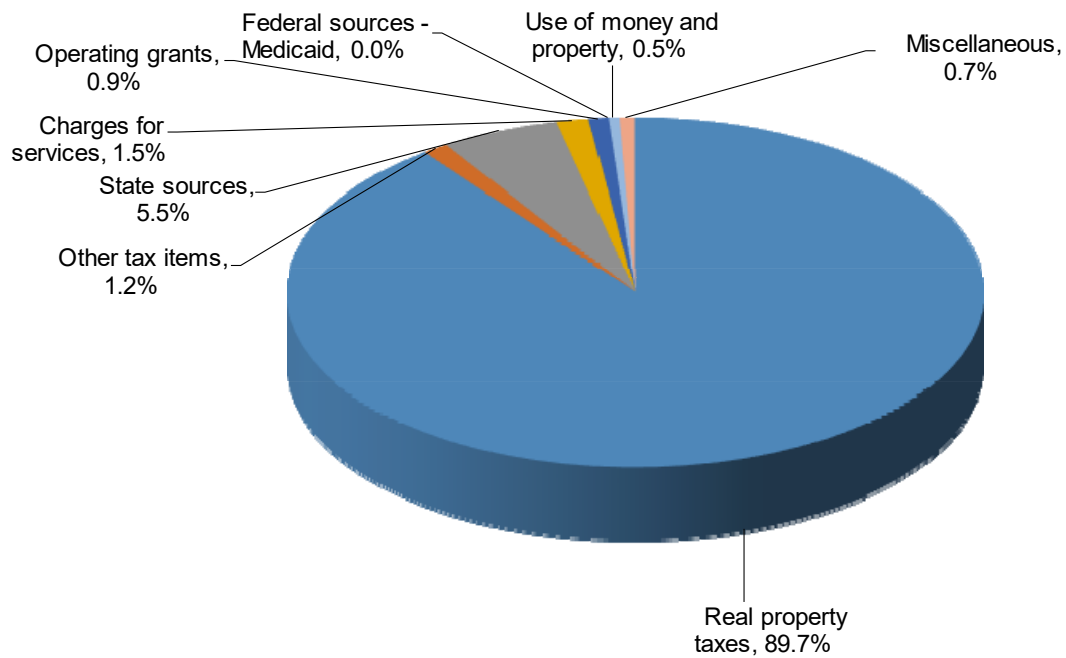
	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 665,681	\$ 1,079,103	\$ (413,422)	(38.3)
Operating grants	853,666	678,301	175,365	25.9
General revenues:				
Real property taxes	65,124,666	64,052,498	1,072,168	1.7
Other tax items	770,596	879,606	(109,010)	(12.4)
Use of money and property	86,937	337,621	(250,684)	(74.3)
Sale of property and compensation for loss	400	-	400	100.0
State sources	4,158,966	3,933,849	225,117	5.7
Federal sources - Medicaid	22,610	19,062	3,548	18.6
Miscellaneous	578,803	520,069	58,734	11.3
Total revenues	<u>72,262,325</u>	<u>71,500,109</u>	<u>762,216</u>	1.1
<b>Expenses</b>				
General support	11,373,051	10,128,723	1,244,328	12.3
Instruction	54,121,822	52,736,481	1,385,341	2.6
Pupil transportation	4,121,534	3,436,560	684,974	19.9
Community services	-	575	(575)	(100.0)
Debt service - interest	137,526	326,714	(189,188)	(57.9)
School lunch program	753,718	833,018	(79,300)	(9.5)
Total expenses	<u>70,507,651</u>	<u>67,462,071</u>	<u>3,045,580</u>	4.5
Increase (decrease) in net position	1,754,674	4,038,038	(2,283,364)	(56.5)
Net position (deficit), beginning of year	(62,814,607)	(67,114,277)	4,299,670	6.4
Prior period adjustment, see Note 15	-	261,632	(261,632)	(100.0)
Net position (deficit), end of year	<u>\$ (61,059,933)</u>	<u>\$ (62,814,607)</u>	<u>\$ 1,754,674</u>	2.8

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Table A-4: Sources of Revenues for Fiscal Year 2021**

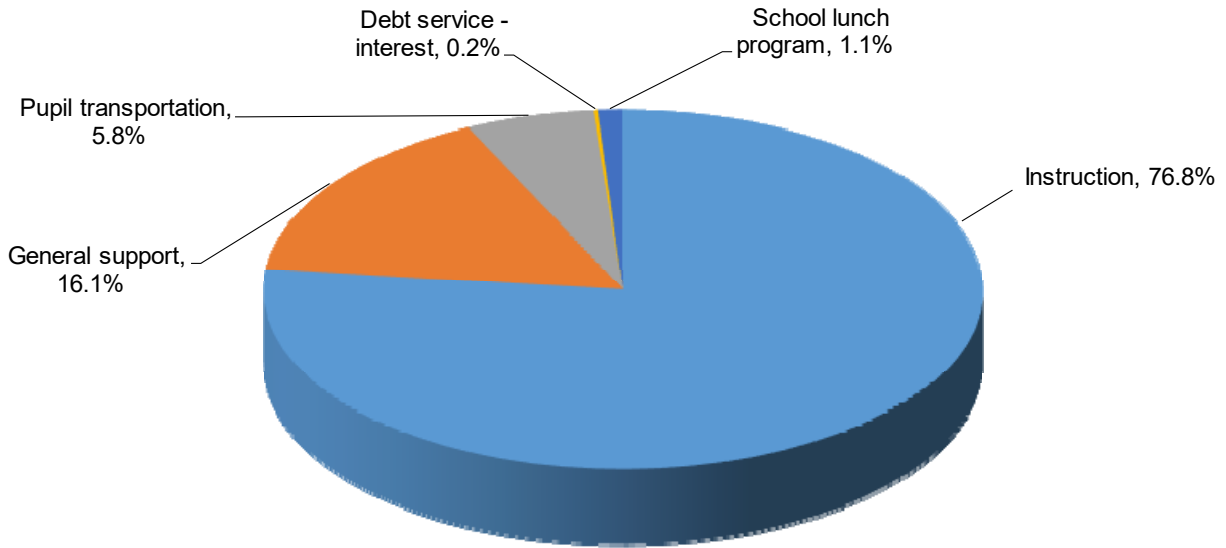


**Table A-5: Sources of Revenues for Fiscal Year 2020**

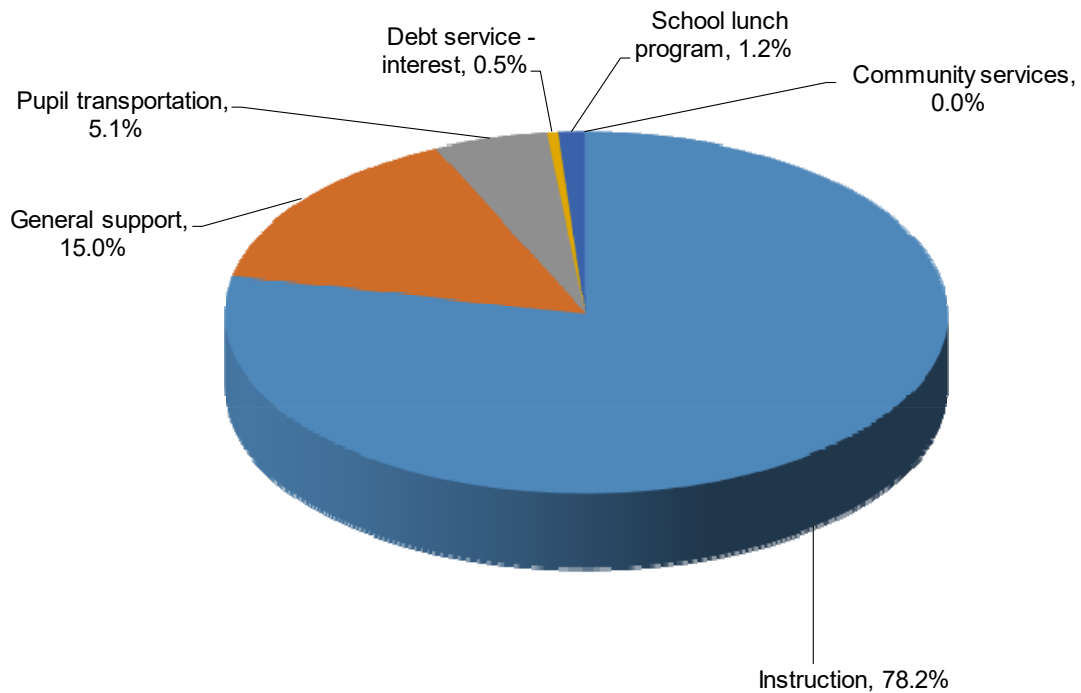


**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Table A-6:** Expenses for Fiscal Year 2021



**Table A-7:** Expenses for Fiscal Year 2020



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**Governmental Activities**

Revenues for the District's governmental activities totaled \$72,262,325 while total expenses were \$70,507,651. Therefore, the increase in net position for governmental activities was \$1,754,674 in 2021. The District's financial condition was affected by:

- An increase in real property tax revenue;
- Changes in State aid (sources);
- Changes in the total OPEB liability; and
- Impacts of COVID-19.

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by \$1,072,168. This increase was within the tax cap, reflects a modest tax increase to residents and allows for a continued strong educational program.
- Other tax items include the reimbursements received under the School Tax Reimbursement Program ("STAR"). The STAR program provides tax relief to homeowners through State reimbursement to the District. Payments in lieu of taxes ("PILOTS") are also included within this category. The revenues from the PILOT payments increased \$7,712 from 2020, while the STAR program decreased \$116,723 reflecting a decline in the number of granted exemptions during the year ended June 30, 2021. Any decline in revenue from the STAR program is offset by the property tax levy.
- Unrestricted State sources (aid) increased by \$225,117, or 5.7% during the year ended June 30, 2021, primarily due to increased BOCES aid.

Expenses:

- General support expenses increased \$1,244,328 and instruction expenses increased \$1,385,341 primarily due to increased costs incurred as a result of COVID-19.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$29,706,665, which is an increase of \$826,194 from June 30, 2020, as restated. Fund balances for the District's governmental funds for the past two years were distributed as follows:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Table A-8: Fund Balances - Governmental Funds**

	<u>6/30/21</u>	<u>(As Restated) 6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
<b>General Fund</b>				
Restricted:				
Capital	\$ 8,492,571	\$ 7,287,993	\$ 1,204,578	16.5
Employee Benefit Accrued Liability	3,649,463	3,649,463	-	0.0
Unemployment Insurance	275,081	275,081	-	0.0
Workers' Compensation	700,082	700,082	-	0.0
Retirement Contributions	4,422,694	3,916,879	505,815	12.9
Liability Claims	2,132,782	-	2,132,782	100.0
Assigned:				
Appropriated for subsequent year's expenditures	720,000	3,089,058	(2,369,058)	(76.7)
Encumbrances	591,651	387,224	204,427	52.8
Unassigned	2,880,696	4,265,561	(1,384,865)	(32.5)
Total General Fund	<u>23,865,020</u>	<u>23,571,341</u>	<u>293,679</u>	<u>1.2</u>
<b>School Lunch Fund</b>				
Nonspendable:				
Inventory	14,102	23,224	(9,122)	(39.3)
Assigned:				
School Lunch Fund	<u>114,943</u>	<u>105,821</u>	<u>9,122</u>	<u>8.6</u>
Total School Lunch Fund	<u>129,045</u>	<u>129,045</u>	<u>-</u>	<u>0.0</u>
<b>Other Miscellaneous Special Revenue Fund</b>				
Restricted:				
Extracurricular Activity Funds	158,617	156,816	1,801	1.1
Scholarships	24,327	26,511	(2,184)	(8.2)
Assigned:				
Student activities	<u>35,704</u>	<u>78,305</u>	<u>(42,601)</u>	<u>(54.4)</u>
Total Other Miscellaneous Special Revenue Fund	<u>218,648</u>	<u>261,632</u>	<u>(42,984)</u>	<u>(16.4)</u>
<b>Debt Service Fund</b>				
Restricted:				
Debt Service	<u>644,885</u>	<u>644,885</u>	<u>-</u>	<u>0.0</u>
Total Debt Service Fund	<u>644,885</u>	<u>644,885</u>	<u>-</u>	<u>0.0</u>
<b>Capital Projects Fund</b>				
Restricted:				
District improvements	<u>4,849,067</u>	<u>4,273,568</u>	<u>575,499</u>	<u>13.5</u>
Total Capital Projects Fund	<u>4,849,067</u>	<u>4,273,568</u>	<u>575,499</u>	<u>13.5</u>
Total fund balance	<u>\$ 29,706,665</u>	<u>\$ 28,880,471</u>	<u>\$ 826,194</u>	<u>2.9</u>

The retirement reserve includes \$2,821,640 reserved for NYSERS and \$1,601,054 reserved for NYSTRS.

**General Fund**

The General Fund reported an increase in fund balance of \$293,679 for fiscal 2021, as compared to an increase of \$5,381,003 for fiscal 2020. Revenues increased \$813,629 mainly as a result of the increase in the budgeted property tax levy. Expenditures increased \$4,940,466 due to increases in instruction, pupil transportation and employee benefit expenses. As a result of the revenues exceeding expenditures, the District reported an increase in net position. The District also performed favorably compared to the budgeted expectations, as shown on page 50.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**General Fund Budgetary Highlights**

Reference is made to the supplementary schedule on page 50 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were more than the final budgeted revenues by approximately \$1,100,000.
- Actual expenditures were approximately \$6,000,000 (including encumbrances of approximately \$590,000) less than final budget (not including interfund transfers).

At June 30, 2021, the District's unassigned fund balance was \$2,880,696 which was within the allowable 4% of the subsequent year's budget (\$72,017,418) as promulgated by New York State (see page 54). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2021:

Unassigned fund balance, beginning of year	\$ 4,265,561
Add:	
Net change in fund balance	293,679
Prior-year appropriated fund balance	3,089,058
Prior-year encumbrances	387,224
Less:	
Current-year appropriated fund balance	(720,000)
Current-year encumbrances	(591,651)
Transfer to Capital Reserve	(1,204,578)
Transfer to Employee Benefit Accrued Liability Reserve	(2,132,782)
Transfer to Retirement Reserve	(505,815)
	<u>\$ 2,880,696</u>
Unassigned fund balance, end of year	<u>\$ 2,880,696</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2021, the District had invested \$31,286,010 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The District is conducting a variety of minor capital projects through its Capital Reserve Program.

<b>Table A-9: Capital Assets (net of depreciation)</b>				
	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 125,075	\$ 125,075	\$ -	0.0
Construction-in-progress	3,907,669	1,769,160	2,138,509	120.9
Buildings and building improvements	26,040,823	27,403,929	(1,363,106)	(5.0)
Furniture and equipment	1,212,443	1,255,700	(43,257)	(3.4)
Totals	<u>\$ 31,286,010</u>	<u>\$ 30,553,864</u>	<u>\$ 732,146</u>	2.4

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Long-Term Debt**

At year-end, the District had \$9,285,912 in general obligation bonds and other long-term debt.

**Table A-10:** Outstanding Long-Term Debt

	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 3,031,246	\$ 5,952,496	\$ (2,921,250)	(49.1)
Installment purchase debt payable	-	2,583,851	(2,583,851)	(100.0)
Workers' Compensation claims payable	1,740,269	744,684	995,585	133.7
Compensated absences	<u>4,514,397</u>	<u>4,426,903</u>	<u>87,494</u>	2.0
Totals	<u>\$ 9,285,912</u>	<u>\$ 13,707,934</u>	<u>\$ (4,422,022)</u>	(32.3)

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- The General Fund Budget for the 2021-2022 school year was approved by the voters in the amount of \$72,017,418, which represents an increase of \$924,669 or 1.3% over the Original Budget for the 2020-21 school year of \$71,092,749.
- The General Fund budget for the 2021-2022 school year is impacted by certain trends affecting school districts. These include potential increases in retirement contributions, health insurance costs, Workers' Compensation judgments and potential unemployment insurance claims, which are beyond the District's control.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Cold Spring Harbor Central School District  
District Offices  
Attn: Deputy Superintendent  
75 Goose Hill Road  
Cold Spring Harbor, NY 11724  
(631) 367-5928

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

<b>ASSETS</b>	
Unrestricted cash	\$ 12,788,961
Receivables:	
State and federal aid	441,451
Due from other governments	1,725,476
Inventories	14,102
Restricted cash	20,843,842
Capital assets:	
Non-depreciable	4,032,744
Depreciable, net of accumulated depreciation of \$49,655,955	27,253,266
<b>Total assets</b>	<b>67,099,842</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from pensions	18,928,605
Deferred outflows from OPEB	26,954,893
<b>Total deferred outflows of resources</b>	<b>45,883,498</b>
<b>LIABILITIES</b>	
Accounts payable	1,973,805
Accrued interest payable	42,783
Accrued liabilities	1,049,243
Due to other governments	91,607
Due to teachers' retirement system	2,706,101
Due to employees' retirement system	225,790
Unearned revenues	60,621
Long-term liabilities, due within one year:	
Bonds payable, inclusive of premiums and discounts	3,031,246
Workers' Compensation claims payable	174,027
Compensated absences	451,440
Long-term liabilities, due after one year:	
Workers' Compensation claims payable	1,566,242
Compensated absences	4,062,957
Proportionate share of net pension liability	4,373,407
Other postemployment benefits obligation	111,608,244
<b>Total liabilities</b>	<b>131,417,513</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from pensions	6,262,303
Deferred inflows from OPEB	36,363,457
<b>Total deferred inflows of resources</b>	<b>42,625,760</b>
<b>NET POSITION</b>	
Net investment in capital assets	28,254,764
Restricted:	
Capital	8,492,571
Employee Benefit Accrued Liability	3,649,463
Unemployment Insurance	275,081
Workers' Compensation	700,082
Retirement Contributions	4,422,694
Liability Claims	2,132,782
Scholarships and student activities	182,944
Debt Service	644,885
District Improvements	4,849,067
Unrestricted	(114,664,266)
<b>Total net position</b>	<b>\$ (61,059,933)</b>

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants</b>	<b>Changes in</b>
				<b>Net Position</b>
Functions and programs:				
General support	\$ 11,373,051	\$ 44,034	\$ 85,121	\$ (11,243,896)
Instruction	54,121,822	312,593	604,245	(53,204,984)
Pupil transportation	4,121,534	478	923	(4,120,133)
Debt service - interest	137,526	-	-	(137,526)
School lunch program	753,718	308,576	163,377	(281,765)
Total functions and programs	<u>\$ 70,507,651</u>	<u>\$ 665,681</u>	<u>\$ 853,666</u>	<u>(68,988,304)</u>
General revenues:				
Real property taxes				65,124,666
Other tax items				770,596
Use of money and property				86,937
Sale of property and compensation for loss				400
State sources				4,158,966
Federal sources - Medicaid assistance				22,610
Miscellaneous				<u>578,803</u>
Total general revenues				<u>70,742,978</u>
Change in net position				1,754,674
Total net position, beginning of year, as restated, see Note 15				<u>(62,814,607)</u>
Total net position, end of year				<u>\$ (61,059,933)</u>

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	Major Funds						
	Special Revenue Funds						
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Unrestricted cash	\$ 12,747,203	\$ -	\$ 6,054	\$ 35,704	\$ -	\$ -	\$ 12,788,961
Receivables:							
State and federal aid	147,777	241,100	52,574	-	-	-	441,451
Due from other governments	1,070,552	-	-	-	-	-	1,070,552
Property taxes	654,924	-	-	-	-	-	654,924
Due from other funds	456,604	-	266,561	-	-	5,659,937	6,383,102
Inventories	-	-	14,102	-	-	-	14,102
Restricted cash	19,672,673	21,865	114,943	182,944	645,292	206,125	20,843,842
Total assets	\$ 34,749,733	\$ 262,965	\$ 454,234	\$ 218,648	\$ 645,292	\$ 5,866,062	\$ 42,196,934
LIABILITIES							
Payables:							
Accounts payable	\$ 894,151	\$ 58,268	\$ 4,391	\$ -	\$ -	\$ 1,016,995	\$ 1,973,805
Accrued liabilities	1,040,602	2,766	5,875	-	-	-	1,049,243
Due to other funds	5,926,498	199,931	256,266	-	407	-	6,383,102
Due to other governments	91,571	-	36	-	-	-	91,607
Due to teachers' retirement system	2,706,101	-	-	-	-	-	2,706,101
Due to employees' retirement system	225,790	-	-	-	-	-	225,790
Unearned revenues	-	2,000	58,621	-	-	-	60,621
Total liabilities	10,884,713	262,965	325,189	-	407	1,016,995	12,490,269
FUND BALANCE							
Fund balance:							
Nonspendable	-	-	14,102	-	-	-	14,102
Restricted	19,672,673	-	-	182,944	644,885	4,849,067	25,349,569
Assigned	1,311,651	-	114,943	35,704	-	-	1,462,298
Unassigned	2,880,696	-	-	-	-	-	2,880,696
Total fund balance	23,865,020	-	129,045	218,648	644,885	4,849,067	29,706,665
Total liabilities and fund balance	\$ 34,749,733	\$ 262,965	\$ 454,234	\$ 218,648	\$ 645,292	\$ 5,866,062	\$ 42,196,934

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

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Total Fund Balance - Governmental Funds	\$	29,706,665
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:			
Non-depreciable	\$	4,032,744	
Depreciable		76,909,221	
Accumulated depreciation		<u>(49,655,955)</u>	31,286,010

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, inclusive of premiums and discounts	(3,031,246)		
Workers' Compensation claims payable	(1,740,269)		
Compensated absences	<u>(4,514,397)</u>		(9,285,912)

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

Deferred outflows of resources - pension related	18,928,605		
Proportionate share of net pension liability	(4,373,407)		
Deferred inflows of resources - pension related	<u>(6,262,303)</u>		8,292,895

Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources - OPEB related	26,954,893		
Total OPEB liability	(111,608,244)		
Deferred inflows of resources - OPEB related	<u>(36,363,457)</u>		(121,016,808)

Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(42,783)

Net Position - Governmental Activities

\$ (61,059,933)

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Major Funds</b>						
	<b>Special Revenue Funds</b>					<b>Total Governmental Funds</b>	
	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Other Miscellaneous Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>REVENUES</b>							
Real property taxes	\$ 65,124,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,124,666
Other tax items	770,596	-	-	-	-	-	770,596
Charges for services	357,105	-	-	-	-	-	357,105
Use of money and property	86,873	-	13	51	-	-	86,937
Sale of property and compensation for loss	400	-	-	-	-	-	400
State sources	4,158,966	99,634	6,711	-	-	-	4,265,311
Federal sources	91,588	521,677	156,666	-	-	-	769,931
Sales	-	-	308,576	-	-	-	308,576
Miscellaneous	400,459	-	2,110	115,037	-	-	517,606
Total revenues	70,990,653	621,311	474,076	115,088	-	-	72,201,128
<b>EXPENDITURES</b>							
Current -							
General support	8,223,451	-	467,127	-	-	-	8,690,578
Instruction	34,288,242	633,153	-	158,072	-	-	35,079,467
Pupil transportation	4,085,828	6,608	-	-	-	-	4,092,436
Employee benefits	14,052,718	-	32,146	-	-	-	14,084,864
Cost of sales	-	-	254,445	-	-	-	254,445
Capital outlay	-	-	-	-	-	3,524,501	3,524,501
Debt service -							
Principal	5,328,851	-	-	-	-	-	5,328,851
Interest	380,989	-	-	-	-	-	380,989
Total expenditures	66,360,079	639,761	753,718	158,072	-	3,524,501	71,436,131
Excess (deficiency) of revenues over (under) expenditures	4,630,574	(18,450)	(279,642)	(42,984)	-	(3,524,501)	764,997
<b>OTHER FINANCING SOURCES (USES)</b>							
Premium on obligations	61,197	-	-	-	-	-	61,197
Transfers in	-	18,450	279,642	-	-	4,100,000	4,398,092
Transfers out	(4,398,092)	-	-	-	-	-	(4,398,092)
	(4,336,895)	18,450	279,642	-	-	4,100,000	61,197
Change in fund balance	293,679	-	-	(42,984)	-	575,499	826,194
Fund balance, beginning of year, as restated, see Note 15	23,571,341	-	129,045	261,632	644,885	4,273,568	28,880,471
Fund balance, end of year	\$ 23,865,020	\$ -	\$ 129,045	\$ 218,648	\$ 644,885	\$ 4,849,067	\$ 29,706,665

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



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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Net Change in Fund Balance - Governmental Funds	\$	826,194
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay	\$ 3,938,420	
Depreciation expense	<u>(3,206,274)</u>	732,146

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal	2,745,000	
Repayment of installment purchase debt payable	<u>2,583,851</u>	5,328,851

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Workers' Compensation claims payable	(995,585)	
Amortization of bond issue premiums and discounts, net	176,250	
Compensated absences payable	(87,494)	
Accrued interest costs	<u>67,213</u>	(839,616)

Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Deferred outflows of resources from pensions	1,590,077	
Proportionate share of the net pension liability	(4,912,239)	
Deferred inflows of resources from pensions	<u>(377,638)</u>	(3,699,800)

Changes in the amounts related to the total OPEB liability reported in the Statement of Activities do not provide for or required the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Deferred outflows of resources - OPEB related	1,879,994	
Total OPEB liability	5,520,509	
Deferred inflows of resources - OPEB related	<u>(7,993,604)</u>	<u>(593,101)</u>

Change in Net Position - Governmental Activities	\$	<u><u>1,754,674</u></u>
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**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

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**1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

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

Significant accounting principles and policies used by the District are described below:

**A. Reporting entity**

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

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

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

**B. Joint venture**

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

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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During the year, the District was billed \$2,712,462 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,154,775.

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

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid (sources), intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund financial statements

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

The District reports the following major governmental funds:

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

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

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

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

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

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

D. Measurement focus and basis of accounting

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

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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E. Property taxes

Real property taxes for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District. Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1<sup>st</sup>.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1<sup>st</sup>, and become a lien on December 1<sup>st</sup>. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30<sup>th</sup>, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

F. Restricted resources

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

G. Interfund transactions

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

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

In the District-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

I. Cash and cash equivalents

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization (if permitted by the District's policy).

J. Accounts receivable

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

K. Inventories and prepaid items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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L. Other assets/restricted assets

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

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 15,000	Straight-line	20-40 years
Furniture and equipment	\$ 2,000	Straight-line	5-20 years

N. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District can have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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O. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District can have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

P. Unearned revenues

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Q. Vested employee benefits - compensated absences

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

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

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

R. Other benefits

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



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 12 for more information).

**S. Short-term debt**

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

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

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

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

As of June 30, 2021, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes. See Note 8 for additional disclosure regarding the District's short-term debt.

**T. Accrued liabilities and long-term obligations**

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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U. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position: Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,102.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital

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

Employee Benefit Accrued Liability

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Unemployment Insurance

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

Workers' Compensation

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund, and includes \$2,821,640 reserved for NYSERS and \$1,601,054 reserved for NYSTRS.

Liability Claims

According to Education Law §1709(8) (c), must be used to pay for liability claims. This reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement. This reserve is accounted for in the Debt Service Fund.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District 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 for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2021 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:						
Inventory	\$ -	\$ 14,102	\$ -	\$ -	\$ -	\$ 14,102
Total nonspendable	-	14,102	-	-	-	14,102
Restricted:						
Capital	8,492,571	-	-	-	-	8,492,571
Employee Benefit Accrued Liability	3,649,463	-	-	-	-	3,649,463
Unemployment Insurance	275,081	-	-	-	-	275,081
Workers' Compensation	700,082	-	-	-	-	700,082
Retirement Contributions	4,422,694	-	-	-	-	4,422,694
Liability Claims	2,132,782	-	-	-	-	2,132,782
Extraclassroom Activity Funds	-	-	158,617	-	-	158,617
Scholarships	-	-	24,327	-	-	24,327
Debt Service	-	-	-	644,885	-	644,885
District Improvements	-	-	-	-	4,849,067	4,849,067
Total restricted	19,672,673	-	182,944	644,885	4,849,067	25,349,569
Assigned:						
Appropriated for subsequent year's expenditures	720,000	-	-	-	-	720,000
Encumbrances	591,651	-	-	-	-	591,651
School Lunch Fund	-	114,943	-	-	-	114,943
Student activities	-	-	35,704	-	-	35,704
Total assigned	1,311,651	114,943	35,704	-	-	1,462,298
Unassigned	2,880,696	-	-	-	-	2,880,696
Total	\$ 23,865,020	\$ 129,045	\$ 218,648	\$ 644,885	\$ 4,849,067	\$ 29,706,665

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Order of use of fund balance

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

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS**

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

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

**1. Long-term revenue/expense differences**

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

**2. Capital related differences**

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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3. Long-term debt transaction differences

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

4. Pension differences

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

5. OPEB differences

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

**3. CHANGE IN ACCOUNTING PRINCIPLE**

Effective for the 2021 fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. Upon implementation of the statement, the District moved some of its fiduciary assets and liabilities residing in the fiduciary funds to the General Fund of the District. Also, the District created a new governmental fund titled Other Miscellaneous Special Revenue Fund to account for the District's student groups, scholarships and extraclassroom activity funds which were previously accounted for in the fiduciary funds. Implementation of this statement required a prior period adjustment (see Note 15).

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

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

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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The following supplemental appropriations occurred during the year:

Payment of energy performance contract	\$ 2,294,058
Miscellaneous	<u>31,871</u>
Total supplemental appropriations	<u><u>\$ 2,325,929</u></u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2021.

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

**Encumbrances**

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

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

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 37,079,048
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$20,843,842 within the governmental funds.

**Investment and deposit policy**

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

**Interest rate risk**

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Credit risk

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

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

Custodial credit risk

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

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

**6. RECEIVABLES**

Receivables at year end are as follows:

A. State and federal aid

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

General Fund:

New York State Aid - excess cost aid	\$ 147,777
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Special Aid Fund:

State and federal grants	241,100
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School Lunch Fund:

School breakfast and lunch reimbursement	52,574
	<u>\$ 441,451</u>

B. Due from other governments

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

General Fund:

BOCES aid	<u>\$ 1,070,552</u>
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**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

C. Property taxes

Property taxes receivable at June 30, 2021 consisted of the following:

General Fund:

Town of Oyster Bay	\$ 654,924
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District management has deemed the amounts to be fully collectible.

**7. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 125,075	\$ -	\$ -	\$ 125,075
Construction-in-progress	1,769,160	2,391,234	(252,725)	3,907,669
Total nondepreciable assets	1,894,235	2,391,234	(252,725)	4,032,744
Capital assets that are depreciated:				
Buildings and building improvements	72,424,841	1,133,267	252,725	73,810,833
Furniture and equipment	2,702,404	413,919	(17,935)	3,098,388
Total depreciable assets	75,127,245	1,547,186	234,790	76,909,221
Less accumulated depreciation:				
Buildings and building improvements	45,020,912	2,749,098	-	47,770,010
Furniture and equipment	1,446,704	457,176	(17,935)	1,885,945
Total accumulated depreciation	46,467,616	3,206,274	(17,935)	49,655,955
Total capital assets, net	\$ 30,553,864	\$ 732,146	\$ -	\$ 31,286,010

Depreciation expense was charged to governmental functions as follows:

General support	\$ 395,365
Instruction	2,806,620
Pupil transportation	4,289
	\$ 3,206,274

**8. SHORT-TERM DEBT OBLIGATIONS**

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured on 6/25/21 at 1.25%	\$ -	\$ 9,000,000	\$ 9,000,000	\$ -

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Interest paid/expense	<u>\$ 82,813</u>
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**9. LONG-TERM DEBT OBLIGATIONS**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 5,600,000	\$ -	\$ 2,745,000	\$ 2,855,000	\$ 2,855,000
Unamortized bond discounts and premiums	352,496	-	176,250	176,246	176,246
Total bonds payable	5,952,496	-	2,921,250	3,031,246	3,031,246
Installment purchase debt payable	2,583,851	-	2,583,851	-	-
Workers' Compensation claims payable	744,684	1,110,955	115,370	1,740,269	174,027
Compensated absences	4,426,903	87,494	-	4,514,397	451,440
Total long-term liabilities	<u>\$ 13,707,934</u>	<u>\$ 1,198,449</u>	<u>\$ 5,620,471</u>	<u>\$ 9,285,912</u>	<u>\$ 3,656,713</u>

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

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2021
Refunding serial bonds	2011	2022	2.00 - 5.00%	\$ 2,535,000
Refunding serial bonds	2004	2022	3.375 - 4.00%	320,000
				<u>\$ 2,855,000</u>

	Serial Bonds		Total
	Principal	Interest	
<u>June 30,</u> 2022	<u>\$ 2,855,000</u>	<u>\$ 129,950</u>	<u>\$ 2,984,950</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Interest paid	\$ 298,176
Less interest accrued in the prior year	(109,996)
Plus interest accrued in the current year	42,783
Less amortization of premiums/discounts	<u>(176,250)</u>
Total interest expense	<u><u>\$ 54,713</u></u>

**10. PENSION PLANS**

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS 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 NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSEERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSEERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSEERS' fiscal year ended March 31.

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSEERS</u>	<u>NYSTRS</u>
2021	\$ 831,782	\$ 2,372,679
2020	807,303	2,905,203
2019	813,518	2,685,792

Pension assets, liabilities, 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 NYSTRS and March 31, 2021 for NYSEERS. 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 NYSTRS and NYSEERS Systems in reports provided to the District:

	<u>NYSEERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension asset/(liability)	\$ (13,615)	\$ (4,359,792)
District's portion of the Plan's total net pension asset/(liability)	(0.01367%)	(0.15778%)
Change in proportion since the prior measurement date	(0.00037%)	(0.00611%)

For the year ended June 30, 2021, the District recognized pension expense of \$545,287 for NYSEERS and \$6,017,380 for NYSTRS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Difference between expected experience and actual experience	\$ 166,280	\$ 3,820,051	\$ -	\$ (223,431)
Net difference between projected and actual earnings on pension plan investments	-	2,847,327	(3,911,130)	-
Changes in assumptions	2,503,423	5,514,123	(47,215)	(1,965,497)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	562,951	746,736	(81,036)	(33,994)
Employer contributions subsequent to the measurement date	225,790	2,541,924	-	-
Total	<u>\$ 3,458,444</u>	<u>\$ 15,470,161</u>	<u>\$ (4,039,381)</u>	<u>\$ (2,222,922)</u>

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

	NYSERS	NYSTRS
<u>Year ended June 30,</u>		
2022	\$ (40,398)	\$ 1,845,944
2023	52,390	3,576,017
2024	(110,803)	2,959,491
2025	(707,916)	1,887,156
2026	-	175,407
Thereafter	-	261,300

**Actuarial assumptions**

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

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

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2021	March 31, 2021	June 30, 2020	June 30, 2020
Asset type				
Cash and cash equivalents	1.00%	0.50%	1.00%	0.70%
Credit	4.00%	3.63%	-	-
Domestic equity	32.00%	4.05%	33.00%	7.10%
Domestic fixed income	-	-	16.00%	1.80%
Fixed income	23.00%	0.00%	-	-
Global equity	-	-	4.00%	7.40%
Global fixed income	-	-	2.00%	1.00%
High-yield fixed income	-	-	1.00%	3.90%
International equity	15.00%	6.30%	16.00%	7.70%
Opportunistic portfolio	3.00%	4.50%	-	-
Private debt	-	-	1.00%	5.20%
Private equity	10.00%	6.75%	8.00%	10.40%
Real assets	3.00%	5.95%	-	-
Real estate debt	-	-	7.00%	3.60%
Real estate equities	9.00%	4.95%	11.00%	6.80%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for NYSERS and 7.10% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(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 5.90% for NYSERS and 7.10% for NYSTRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for NYSERS and 6.10% for NYSTRS) or 1 percentage point higher (6.90% for NYSERS and 8.10% for NYSTRS) than the current rate:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

<u>NYSERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (3,779,094)	\$ (13,615)	\$ 3,459,037
<u>NYSTRS</u>	<u>1% Decrease (6.10%)</u>	<u>Current assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (27,539,307)	\$ (4,359,792)	\$ 15,093,694

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Valuation date	April 1, 2020	June 30, 2019	
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776	\$ 343,922,933
Plan net position	<u>220,580,583</u>	<u>120,479,505</u>	<u>341,060,088</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>	<u>\$ (2,862,845)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.76%	99.17%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the system in September, October and November 2020 through a State aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2021 amounted to \$2,541,924.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. 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 NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2021 amounted to \$225,790. Employee contributions are remitted monthly.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

<u>Fund</u>	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 456,604	\$ 5,926,498	\$ -	\$ 4,398,092
Special Aid	-	199,931	18,450	-
School Lunch	266,561	256,266	279,642	-
Debt Service	-	407	-	-
Capital Projects	5,659,937	-	4,100,000	-
Totals	<u>\$ 6,383,102</u>	<u>\$ 6,383,102</u>	<u>\$ 4,398,092</u>	<u>\$ 4,398,092</u>

Interfund receivables and payables, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

**12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")**

**A. General information about the OPEB plan**

Plan description

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

Benefits provided

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

Employees covered by benefit terms

As of July 1, 2020, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	204
Active plan members	<u>275</u>
Total plan members	<u>479</u>

**B. Total OPEB liability**

The District's total OPEB liability of \$111,608,244 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.00%
Discount rate	1.92%
Healthcare cost trend rates	*Rates differ based as defined below
Retirees' share of benefit-related costs	0% to 25% of premium based on department and date hired

\*As of the June 30, 2020 measurement date, the actuarial valuation uses healthcare cost trend rates as follows:

Pre-65 medical trend rate	6.75%
Post-65 Medicare advantage trend rate	4.40%
Prescription drug trend rate	6.75%
Medicare Part B trend rate	5.75%

The discount rate was based on the June 30, 2020 Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for teaching positions and PubG-2010 Headcount-Weighted Mortality Table for non-teaching positions projected to the valuation date with Scale MP-2019.

C. Changes in the total OPEB liability

Balance as of June 30, 2020	<u>\$ 117,128,753</u>
<u>Changes for the year -</u>	
Service cost	3,639,431
Interest	2,529,156
Differences between expected and actual experience	(16,241,687)
Change in assumptions or other inputs	7,143,879
Benefit payments	<u>(2,591,288)</u>
Net changes	<u>(5,520,509)</u>
Balance as of June 30, 2021	<u><u>\$ 111,608,244</u></u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

	1% Decrease (0.92%)	Current assumption (1.92%)	1% Increase (2.92%)
Total OPEB liability as of June 30, 2021	\$ 132,752,364	\$ 111,608,244	\$ 94,845,588

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current discount rate as defined in the actuarial assumptions and other inputs above:

	1% Decrease*	Current assumption*	1% Increase*
Total OPEB liability as of June 30, 2021	\$ 92,912,655	\$ 111,608,244	\$ 135,997,608

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 \$3,184,389. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ -	\$ (25,754,650)
Changes of assumptions	26,954,893	(10,608,807)
Total	<u>\$ 26,954,893</u>	<u>\$ (36,363,457)</u>

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

<u>Year ended June 30,</u>	<u>Amount</u>
2022	\$ (2,984,198)
2023	(2,984,198)
2024	(2,984,198)
2025	(1,865,856)
2026	1,696,797
Thereafter	(286,911)

**13. RISK MANAGEMENT**

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

The District 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. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal years ended June 30:				
2021	\$ 744,684	\$ 1,110,955	\$ 115,370	\$ 1,740,269
2020	798,408	44,199	97,923	744,684
2019	414,574	478,296	94,462	798,408

The District has not purchased any annuity contracts.

**14. CONTINGENCIES AND COMMITMENTS**

Encumbrances

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

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 364,417
Instruction	<u>227,234</u>
	<u><u>\$ 591,651</u></u>

Government grants

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Library indebtedness

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and a bank, as trustee, in connection with issuance of \$9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the trustee according to a time schedule established in the agreement. The annual debt service approximates \$700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment. As of June 30, 2021, the remaining principal outstanding was of \$2,535,000.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2021, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2020 at 1.81% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

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

COVID-19

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

**15. PRIOR PERIOD ADJUSTMENT**

The District's financial statements for the year ended June 30, 2020 have been restated as of July 1, 2020 to give effect to the following:

	<u>Fund Balance</u>	<u>Net Position</u>
Balance as of July 1, 2020, as previously stated	\$ 28,618,839	\$ (63,076,239)
GASB Statement No. 84 implementation:		
Add: Other Miscellaneous Special Revenue Fund fund balance (calculated under GASB 84)	<u>261,632</u>	<u>261,632</u>
Balance as of July 1, 2020, as restated	<u><u>\$ 28,880,471</u></u>	<u><u>\$ (62,814,607)</u></u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**16. LEASE COMMITMENTS**

The District leases certain office equipment under the terms of various non-cancelable leases. Rental expense for the year ended June 30, 2021 was \$58,830.

Minimum annual rentals for each of the remaining years of the lease are:

<u>For the year ended June 30:</u>		
2022	\$	63,074
2023		58,587
2024		52,095
2025		989
2026		330
		<u>175,075</u>
	\$	<u>175,075</u>

**17. TAX ABATEMENTS**

Nassau County and Suffolk County enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenues were reduced by \$72,775 under agreements entered into by Nassau County. This amount was collected via PILOT payments.

**18. FUTURE ACCOUNTING STANDARDS**

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

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 87	Leases	June 30, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2022
Statement No. 91	Conduit Debt Obligations	June 30, 2023

**19. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 8, 2021, which is the date the financial statements were available to be issued, noting the following:

On October 7, 2021, the District issued a Tax Anticipation Note in the amount of \$9,000,000. The note matures on June 24, 2022 and bears an interest rate of 1.00%.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse)</u>
<b>REVENUES</b>					
Local sources:					
Real property taxes	\$ 65,819,125	\$ 65,819,125	\$ 65,124,666		\$ (694,459)
Other tax items	66,364	66,364	770,596		704,232
Charges for services	309,000	309,000	357,105		48,105
Use of money and property	30,000	30,000	86,873		56,873
Sale of property and compensation for loss	-	-	400		400
Miscellaneous	183,100	214,971	400,459		185,488
Total local sources	66,407,589	66,439,460	66,740,099		300,639
State sources	3,459,560	3,459,560	4,158,966		699,406
Federal sources	30,600	30,600	91,588		60,988
Total revenues	69,897,749	69,929,620	70,990,653		1,061,033
<b>OTHER FINANCING SOURCES</b>					
Premium on obligations	-	-	61,197		61,197
Appropriated reserves	1,582,224	3,876,282	-		(3,876,282)
Total revenues and other financing sources	71,479,973	73,805,902	71,051,850		(2,754,052)
<b>EXPENDITURES</b>					
General support:					
Board of Education	33,000	57,000	48,031	\$ -	8,969
Central administration	355,268	326,484	376,288	1,616	(51,420)
Finance	953,794	865,502	959,777	33,921	(128,196)
Staff	576,458	620,894	521,030	1,196	98,668
Central services	5,857,856	6,328,033	5,796,696	327,684	203,653
Special items	546,919	546,919	521,629	-	25,290
Total general support	8,323,295	8,744,832	8,223,451	364,417	156,964
Instruction:					
Instruction, administration and improvement	2,456,929	2,337,745	2,288,141	29,393	20,211
Teaching - regular school	21,770,884	21,740,778	20,169,858	189,888	1,381,032
Programs for children with handicapping conditions	5,925,594	5,870,402	5,196,479	2,513	671,410
Teaching - special school	17,000	17,000	-	-	17,000
Instructional media	2,175,885	2,478,927	2,397,439	5,440	76,048
Pupil services	5,228,025	5,605,640	4,236,325	-	1,369,315
Total instruction	37,574,317	38,050,492	34,288,242	227,234	3,535,016
Pupil transportation	5,368,572	4,875,742	4,085,828	-	789,914
Community services	1,000	1,000	-	-	1,000
Employee benefits	15,763,285	15,436,196	14,052,718	-	1,383,478
Debt service:					
Principal	3,006,327	5,328,851	5,328,851	-	-
Interest	498,177	436,870	380,989	-	55,881
Total expenditures	70,534,973	72,873,983	66,360,079	591,651	5,922,253
<b>OTHER FINANCING USES</b>					
Transfers out	945,000	931,919	4,398,092	-	(3,466,173)
Total expenditures and other financing uses	71,479,973	73,805,902	70,758,171	\$ 591,651	2,456,080
Net change in fund balance	\$ -	\$ -	293,679		\$ (297,972)
Fund balance, beginning of year			23,571,341		
Fund balance, end of year			<u>\$ 23,865,020</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FOUR FISCAL YEARS**

Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	\$ 3,639,431	\$ 2,793,313	\$ 2,600,709	\$ 3,611,287
Interest	2,529,156	2,889,942	3,199,896	4,254,660
Changes in benefit terms	-	-	(437,394)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(16,241,687)	(5,946,849)	(13,603,507)	-
Changes in assumptions or other inputs	7,143,879	29,211,989	(2,027,359)	(9,872,738)
Benefit payments	<u>(2,591,288)</u>	<u>(2,713,466)</u>	<u>(2,605,703)</u>	<u>(2,607,956)</u>
Net change in total OPEB liability	(5,520,509)	26,234,929	(12,873,358)	(4,614,747)
Total OPEB liability - beginning of year	<u>117,128,753</u>	<u>90,893,824</u>	<u>103,767,182</u>	<u>108,381,929</u>
Total OPEB liability - end of year	<u>\$ 111,608,244</u>	<u>\$ 117,128,753</u>	<u>\$ 90,893,824</u>	<u>\$ 103,767,182</u>
Covered payroll	\$ 34,334,678	\$ 34,123,976	\$ 34,845,220	\$ 34,797,869
Total OPEB liability as a percentage of covered payroll	325.06%	343.24%	260.85%	298.20%

**Note to Required Supplementary Information**

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

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



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION ASSET/LIABILITY - NYSERS & NYSTRS  
LAST TEN FISCAL YEARS\*  
(Dollar amounts in thousands)**

	(C) 2021	(B) (F) 2020	2019	(E) 2018	(D) 2017	(A) 2016	2015	2014	**2013	**2012
<b><u>NYSERS</u></b>										
District's proportionate share of the net pension liability	0.01367%	0.01404%	0.01357%	0.01575%	0.01502%	0.01630%	0.01625%	0.01624%	N/A	N/A
District's proportionate share of the net pension liability	\$ 14	\$ 3,719	\$ 961	\$ 508	\$ 1,411	\$ 2,616	\$ 549	\$ 734	N/A	N/A
District's covered payroll	\$ 5,858	\$ 5,551	\$ 5,439	\$ 5,709	\$ 5,394	\$ 5,335	\$ 5,135	\$ 4,688	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	0.23%	67.00%	17.67%	8.90%	26.16%	49.03%	10.69%	15.66%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	90.68%	97.95%	97.20%	N/A	N/A	N/A

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

<b><u>NYSTRS</u></b>										
District's proportionate share of the net pension asset/(liability)	0.15778%	0.16389%	0.16825%	0.17349%	0.17281%	0.17249%	0.17199%	0.17385%	N/A	N/A
District's proportionate share of the net pension asset/(liability)	\$ (4,360)	\$ 4,258	\$ 3,042	\$ 1,319	\$ (1,851)	\$ 17,916	\$ 19,159	\$ 1,144	N/A	N/A
District's covered payroll	\$ 32,790	\$ 25,290	\$ 32,878	\$ 30,170	\$ 34,254	\$ 23,548	\$ 18,554	\$ 25,466	N/A	N/A
District's proportionate share of the net pension asset as a percentage of covered payroll	13.30%	16.84%	9.25%	4.37%	5.40%	76.08%	103.26%	4.49%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	97.76%	102.17%	101.53%	100.66%	99.17%	110.46%	111.48%	100.70%	N/A	N/A

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

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

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

(C) The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

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

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

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

**\*\*Note to Required Supplementary Information**

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

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NYSTRS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>*2013</u>	<u>*2012</u>
<b><u>NYSERS</u></b>										
Contractually required contribution	\$ 832	\$ 807	\$ 814	\$ 860	\$ 825	\$ 1,014	\$ 1,072	\$ 946	\$ 1,014	\$ 882
Contributions in relation to the contractually required contribution	<u>832</u>	<u>807</u>	<u>814</u>	<u>860</u>	<u>825</u>	<u>1,014</u>	<u>1,072</u>	<u>946</u>	<u>1,014</u>	<u>882</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,635	\$ 5,554	\$ 5,449	\$ 5,526	\$ 5,709	\$ 5,394	\$ 5,135	\$ 4,688	N/A	N/A
Contributions as a percentage of covered payroll	14.76%	14.54%	14.93%	15.56%	14.45%	18.80%	20.88%	20.18%	N/A	N/A
<b><u>NYSTRS</u></b>										
Contractually required contribution	\$ 2,373	\$ 2,905	\$ 2,686	\$ 3,222	\$ 3,536	\$ 4,542	\$ 4,128	\$ 3,015	\$ 2,803	\$ 2,151
Contributions in relation to the contractually required contribution	<u>2,373</u>	<u>2,905</u>	<u>2,686</u>	<u>3,222</u>	<u>3,536</u>	<u>4,542</u>	<u>4,128</u>	<u>3,015</u>	<u>2,803</u>	<u>2,151</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 24,897	\$ 32,790	\$ 25,290	\$ 32,878	\$ 30,170	\$ 34,254	\$ 23,254	\$ 18,556	N/A	N/A
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	N/A	N/A

**\*Note to Required Supplementary Information**

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

**Change from adopted budget to final budget:**

Original budget	\$ 71,092,749	
Add: prior year encumbrances	<u>387,224</u>	
Adopted budget		\$ 71,479,973
Add: Payment of energy performance contract		2,294,058
Add: Miscellaneous		<u>31,871</u>
Final budget		<u><u>\$ 73,805,902</u></u>

**§1318 of real property tax law limit calculation:**

2021-2022 voter-approved budget		<u><u>\$ 72,017,418</u></u>
Maximum allowed (4% of 2021-2022 budget)		<u><u>\$ 2,880,697</u></u>
General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,311,651	
Unassigned fund balance	<u>2,880,696</u>	\$ 4,192,347
Less:		
Appropriated fund balance	720,000	
Encumbrances	<u>591,651</u>	<u>1,311,651</u>
General Fund fund balance subject to §1318 of real property tax law		<u><u>\$ 2,880,696</u></u>
Actual percentage		<u><u>4.0%</u></u>

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2021
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
<b>2013/14 Capital Improvement Plan</b>											
Goosehill Case Work/HVAC/Security/Tanks	\$ 211,450	\$ 222,587	\$ 222,587	\$ -	\$ 222,587	\$ -	\$ -	\$ -	\$ 222,587	\$ 222,587	\$ -
West Side Case Work/Security/Fuel Tanks	263,965	191,684	191,684	-	191,684	-	-	-	191,684	191,684	-
Lloyd Harbor Asphalt/Alarm/Main Office	670,133	726,034	726,034	-	726,034	-	-	-	726,034	726,034	-
High School Lot Drainage/HVAC/Security	404,452	320,859	320,859	-	320,859	-	-	-	320,859	320,859	-
High School Storage Building	50,000	538,836	6,545	-	6,545	532,291	-	-	538,836	538,836	532,291
<b>2014/15 Capital Improvement Plan</b>											
Goosehill Asbestos/Playground	234,000	239,902	239,902	-	239,902	-	-	-	239,902	239,902	-
West Side Ceilings and Condensate Pumps	145,366	176,940	176,940	-	176,940	-	-	-	176,940	176,940	-
Lloyd Harbor Condensate Pumps and Drywells	132,340	25,212	25,212	-	25,212	-	-	-	25,212	25,212	-
High School Asbestos/Science Rooms/Bathrooms	956,500	1,029,746	1,029,746	-	1,029,746	-	-	-	1,029,746	1,029,746	-
District Wide Rooftop Exhaust Fans	30,000	26,406	21,449	-	21,449	4,957	-	-	26,406	26,406	4,957
<b>2015/16 Capital Improvement Plan</b>											
Goosehill Building Shell Repairs	16,500	7,672	7,672	-	7,672	-	-	-	7,672	7,672	-
West Side Doors/Casework/Asbestos	289,870	210,122	210,122	-	210,122	-	-	-	210,122	210,122	-
Lloyd Harbor Art Room/Stage/Security	314,000	398,668	398,668	-	398,668	-	-	-	398,668	398,668	-
High School Flooring/Track/Art/Field House	945,774	1,142,992	1,142,992	-	1,142,992	-	-	-	1,142,992	1,142,992	-
District Wide Asbestos/Rooftop Fans/Doors	308,856	115,546	2,695	-	2,695	112,851	-	-	115,546	115,546	112,851
<b>2016/17 Capital Improvement Plan</b>											
Goosehill Parking Lots	330,736	340,634	273,052	-	273,052	67,582	-	-	340,634	340,634	67,582
West Side Septic System	375,000	409,476	409,476	-	409,476	-	-	-	409,476	409,476	-
Lloyd Harbor Playground Surface	55,130	88,822	88,822	-	88,822	-	-	-	88,822	88,822	-
High School Tennis Courts/Lockers/Gym Floors	1,239,134	1,161,068	1,161,068	-	1,161,068	-	-	-	1,161,068	1,161,068	-
<b>2016/17 Smart Schools Bond</b>											
District Wide Wire and Wireless Project	479,789	460,156	460,156	-	460,156	-	-	366,029	94,127	460,156	-
<b>2017/18 Capital Improvement Plan</b>											
Goosehill Bathrooms/Cafeteria	272,400	274,844	274,844	-	274,844	-	-	-	274,844	274,844	-
West Side Bathrooms/Kitchen/Casework	382,000	584,161	366,448	-	366,448	217,713	-	-	584,161	584,161	217,713
Lloyd Harbor Bathrooms/Music Rooms	595,600	429,256	429,256	-	429,256	-	-	-	429,256	429,256	-
High School Bathrooms/Drainage System	710,000	710,000	463,102	-	463,102	246,898	-	-	710,000	710,000	246,898
District Wide Security/Electric Panels	175,000	136,739	136,739	-	136,739	-	-	-	136,739	136,739	-
<b>2018/19 Capital Improvement Plan</b>											
Goosehill Bathrooms	94,400	77,892	77,892	-	77,892	-	-	-	77,892	77,892	-
West Side Roof Drains/Oil Line/Sidewalks	365,800	381,701	381,701	-	381,701	-	-	-	381,701	381,701	-
Lloyd Harbor Ext. Doors/Bathrooms/Boiler Room	239,540	239,540	37,123	-	37,123	202,417	-	-	239,540	239,540	202,417
High School Doors/PAC Lighting/Electric/Gas/Oil	292,050	422,657	26,152	84,788	110,940	311,717	-	-	422,657	422,657	311,717
District Wide Security	283,210	253,210	151,925	-	151,925	101,285	-	-	253,210	253,210	101,285
<b>2019/20 Capital Improvement Plan</b>											
High School Field House Locker Rooms	932,200	1,385,992	252,725	1,133,267	1,385,992	-	-	-	1,385,992	1,385,992	-
District Wide Security	267,800	114,008	-	-	-	114,008	-	-	114,008	114,008	114,008
<b>2020/21 Capital Improvement Plan</b>											
High School Field Replacement/Faucets	750,000	750,000	-	553,015	553,015	196,985	-	-	750,000	750,000	196,985
<b>BOND Phase I</b>											
Goosehill - Phase I	240,000	260,000	2,055	143,700	145,755	114,245	-	-	260,000	260,000	114,245
West Side - Phase I	230,000	246,000	1,970	109,993	111,963	134,037	-	-	246,000	246,000	134,037
Lloyd Harbor - Phase I	215,000	357,000	1,841	169,217	171,058	185,942	-	-	357,000	357,000	185,942
High School - Phase I	540,000	667,000	4,625	301,368	305,993	361,007	-	-	667,000	667,000	361,007
<b>BOND Phase II</b>											
Goosehill - Phase II	1,932,870	1,932,870	-	84,668	84,668	1,848,202	-	-	1,932,870	1,932,870	1,848,202
West Side - Phase II	1,610,700	1,318,400	-	44,046	44,046	1,274,354	-	-	-	-	(44,046)
Lloyd Harbor - Phase II	2,728,250	2,728,250	-	37,816	37,816	2,690,434	-	-	-	-	(37,816)
High School - Phase II	15,767,900	15,767,900	20,715	475,385	496,100	15,271,800	-	-	769,830	769,830	273,730
<b>BOND Phase III</b>											
West Side - Phase III	-	292,300	-	286,396	286,396	5,904	-	-	292,300	292,300	5,904
High School - Phase III	3,482,780	3,482,780	-	100,842	100,842	3,381,938	-	-	-	-	(100,842)
<b>BOND Phase IV</b>											
District Wide - Phase IV	7,677,500	7,472,500	-	-	-	7,472,500	-	-	-	-	-
	\$ 47,237,995	\$ 48,118,362	\$ 9,744,794	\$ 3,524,501	\$ 13,269,295	\$ 34,849,067	\$ -	\$ 366,029	\$ 17,752,333	\$ 18,118,362	\$ 4,849,067

OTHER  
SUPPLEMENTARY  
INFORMATION

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2021

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Capital assets, net	\$ 31,286,010
Deduct:	
Short-term portion of bonds payable	<u>3,031,246</u>
Net investment in capital assets	<u>\$ 28,254,764</u>



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

To the Board of Education of the  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Cold Spring Harbor Central School District (the "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 October 8, 2021.

***Internal Control Over Financial Reporting***

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

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

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

# NawrockiSmith

## ***Compliance And Other Matters***

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

## ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Hauppauge, New York  
October 8, 2021

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**CURRENT YEAR FINDINGS AND RECOMMENDATIONS:**

None reported.

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:**

1. Debt Service Fund/Reserve for Debt Service inactivity

We recommended that the District establish a plan to utilize the cash reserve in the Debt Service Fund/Reserve for Debt Service.

Status - We noted that this recommendation was implemented.



## **APPENDIX D**

### **FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

## **FORM OF OPINION OF BOND COUNSEL**

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

September      , 2022

The Board of Education of  
Cold Spring Harbor Central School District,  
in the Counties of Suffolk and Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Cold Spring Harbor Central School District (the “School District”), in the Counties of Suffolk and Nassau, 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 \$12,500,000 Tax Anticipation Notes for 2022-2023 Taxes (the “Note”), dated and delivered the date hereof.

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

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note 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 Cold Spring Harbor Central School District, in the Counties of Suffolk and Nassau, 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 27, 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 \$12,500,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 27, 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 27, 2022**.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**

By \_\_\_\_\_  
President of the Board of Education