

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 designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

**ROCKY POINT UNION FREE SCHOOL DISTRICT,
SUFFOLK COUNTY, NEW YORK**

**\$3,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")**

Date of Issue: September 20, 2022

Maturity Date: June 28, 2023

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

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

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

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

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

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 8, 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 20, 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.

September , 2022

*Preliminary, subject to change.

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

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Kelly J. White, District Clerk
Virginia Holloway, District Treasurer

School District Attorney

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* * *

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Hawkins Delafield & Wood LLP
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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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

Relating To

**\$3,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")**

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Rocky Point Union Free School District in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$3,000,000* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. (See "*RISK FACTORS*" and "*IMPACT OF COVID-19*" herein.)

THE NOTES

Description

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

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Christopher A. Van Cott, Assistant Superintendent for Business, Rocky Point Union Free School District, 90 Rocky Point Yaphank Road, Rocky Point, NY 11778, Phone (631) 849-7564, Fax (631) 849-7556 and email: chrsvancott@rpufsd.org.

Optional Redemption

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

Description of Book-entry-only System

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

*Preliminary, subject to change

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Authorization for and Purpose of Notes

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

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

Security and Source of Payment

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal 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 with the Long Island Sound directly to the north, Shoreham to the east, Middle Island and Ridge to the south and Miller Place to the west. The commercial center of Port Jefferson lies ten miles to the west. The District has an area of approximately nine square miles with the majority of the dwellings located in the northern section within a short distance of the Long Island Sound and the beaches and boating facilities located along the shoreline.

New York State Route 25A (North Country Road) bisects the District and is a major east-west road artery. Rocky Point-Yaphank Road (Hallock Landing Road) is the main north-south artery. The area also has a number of smaller light industrial units and considerable commercial properties along North Country Road and along Broadway which intersects Route 25A in the heart of the commercial center. The District has evolved into a full-time year-round residential community with a slightly increased summer population.

Police protection is provided by the Suffolk County Police Department and fire protection by the local volunteer fire departments. In addition to local employment, residents may find employment by the nearby Brookhaven National Laboratory and at some of the other larger employers such as the Internal Revenue Service Center.

District Organization

The District is an independent entity governed by an elected board of education comprised of five members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the 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 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 of Education 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 Superintendent of Schools, the District Treasurer and the Assistant Superintendent for Business.

Economy

The District is primarily residential in nature. Commercial activity is located along the major thoroughfares, downtown retail centers, and along the waterfront. Employment opportunities are available to residents throughout Nassau and Suffolk Counties, with some commuting to New York City.

Transportation

The following transportation facilities are available to residents of the District:

The District is traversed by the Long Island Expressway (Interstate 495), New York State Routes 27 (Sunrise Highway) and 27A. Rail transportation is provided by the Long Island Railroad. Long Island MacArthur Airport is located approximately 25 miles west of the District.

Utilities and Services

Water, electric, gas, and fire and police protection are provided to residents of the District as follows: Water service is provided by the Suffolk County Water Authority; gas and electric by PSEG Long Island and National Grid. Police protection is furnished by the Suffolk County Police Department, while fire protection is available from local volunteer units.

Enrollment History

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

<u>School Year</u>	<u>School Enrollment</u>
2018	3,086
2019	2,982
2020	2,943
2021	2,836
2022	2,784

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	2,730
2024	2,638
2025	2,583
2026	2,547
2027	2,478

Source: District Officials.

District Facilities

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

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Date of Most Recent Improvements</u>	<u>Capacity</u>
Frank Carasiti Elementary School	K-2	1975	2015	950
Joseph A. Edgar Intermediate School	3-5	1928	2015	950
Rocky Point Middle School	6-8	2002	2015	1200
Rocky Point High School	9-12	1973	2015	1500

Employees

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

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members^a</u>
Rocky Point Teachers Association	06/30/2026	265
Rocky Point School-Related Professional Association	06/30/2025	225
Rocky Point Administrators Association	06/30/2025	16

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

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

The following table sets forth population statistics for the District, Town of Brookhaven and Suffolk County.

<u>Year</u>	<u>District</u>	<u>Town of Brookhaven</u>	<u>Suffolk County</u>
2006	-	485,295	1,495,697
2008	-	483,748	1,508,602
2009	17,102	487,169	1,511,028
2010	17,233	480,105	1,482,548
2020	16,704	485,773	1,525,920

Source: U.S. Bureau of the Census.

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Income Data

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

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
District	-	-	\$32,394	\$43,832
Town of Brookhaven	\$16,726	\$24,191	33,324	485,773
Suffolk County	18,481	26,577	35,755	1,525,920
New York State	16,501	23,389	30,948	20,201,249

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
District	-	-	\$78,109	\$108,438
Town of Brookhaven	46,339	62,475	81,937	100,061
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)

Selected Listing of Larger Employers in the Town of Brookhaven^a (As of 2022)

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
State University at Stony Brook	Education	14,000
Stony Brook University Medical Center	Medical Center	7,500
Brookhaven National Laboratory	Laboratory	3,000
John T. Mather Hospital	Hospital	1,967
Zebra Technologies	Commercial	1,800
Long Island Community Hospital	Hospital	1,730
St. Charles Hospital	Hospital	1,400
Three Village Central School District	Education	1,298
Quality King Distributors	Commercial	900
William Floyd Union Free School District	Education	860
Amneal Pharmaceuticals	Commercial	780

Source: Town Officials.

a. Not necessarily representative of the District.

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Town of Brookhaven (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2017	4.5	4.5	4.7
2018	3.9	3.9	4.1
2019	3.7	3.7	4.4
2020	8.2	8.5	10.0
2021	4.8	4.9	7.2
2022 (4 Month Average)	3.6	3.8	5.2

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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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 Town of:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
Brookhaven (2021-2022) ^a	\$17,240,795	0.74%	\$2,329,837,162
Debt Limit - 10% of Full Valuation			\$232,983,716
Inclusions: ^b			
Outstanding Bonds			\$13,030,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>13,030,000</u>
Exclusions (Estimated Building Aid) ^c			<u>8,469,500</u>
Total Net Indebtedness			<u>4,560,500</u>
Net Debt Contracting Margin			<u><u>\$228,423,216</u></u>
Per Cent of Debt Contracting Margin Exhausted			1.96%

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

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness
As at June 30:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$ 16,580,000	\$ 19,800,000	\$ 16,460,000	\$ 14,555,000	\$ 13,030,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
Totals:	<u>\$ 16,580,000</u>	<u>\$ 19,800,000</u>	<u>\$ 16,460,000</u>	<u>\$ 14,555,000</u>	<u>\$ 13,030,000</u>

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$1,575,000	\$375,281	\$1,950,281
2024	1,630,000	322,681	1,952,681
2025	1,055,000	267,931	1,322,931
2026	1,080,000	242,581	1,322,581
2027	1,110,000	216,581	1,326,581
2028	1,135,000	189,013	1,324,013
2029	1,170,000	159,950	1,329,950
2030	1,205,000	128,250	1,333,250
2031	1,240,000	92,100	1,332,100
2032	1,275,000	54,900	1,329,900
2033	555,000	16,650	571,650
	<u>\$13,030,000</u>	<u>\$2,065,919</u>	<u>\$15,095,919</u>

a. Does not include payments made to date.

Lease Purchase Agreement

The District has entered into lease purchase agreements for the acquisition and installation of various information technology equipment. Below is the outstanding debt service requirements:

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$181,191	\$13,197	\$194,388
2024	185,136	9,252	194,388
2025	94,812	3,405	98,217
	<u>\$461,139</u>	<u>\$25,854</u>	<u>\$486,993</u>

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:

Fiscal Year Ending June 30:	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>
2018	\$4,500,000	09/06/2017	06/27/2018
2019	4,500,000	07/26/2018	06/25/2019
2020	4,500,000	08/07/2019	06/25/2020
2021	5,000,000	07/22/2020	06/25/2021
2022	3,500,000	09/09/2021	06/24/2022

Authorized and Unissued Debt

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

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	07/07/2022	0.76	\$10,381,290	\$9,047,247
Town of Brookhaven	06/29/2022	3.75	18,023,625	17,314,125
Rocky Point Fire District	06/28/2022	100	8,250,000	8,250,000
Totals			\$36,654,915	\$34,611,372

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^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$13,030,000	\$ 780	0.559
Net Direct Debt	4,560,500	273	0.196
Total Direct & Applicable Total Overlapping Debt	49,684,915	2,974	2.133
Net Direct & Applicable Net Overlapping Debt	39,171,872	2,345	1.681

a. The current population of the District is 16,704.

b. The full valuation of taxable real property in the District for 2021-22 is \$2,329,837,162.

FINANCES OF THE DISTRICT

Impact of COVID-19

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

The District as been allocated \$268,445 in CARES Act funding and has received \$268,445. The District is expected to receive a total of \$6,435,145 through CRRSA and ARP funding. (See also "State Aid" herein.)

Independent Audit

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

Investment Policy

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

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

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

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

Fund Structure and Accounts

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

Basis of Accounting

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

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

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

Source: Audited Financials of the District.

Budget Process

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

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

Revenues

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

Real Property Taxes

See “*Tax Information*” herein.

State Aid

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

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

Fiscal Year Ending <u>June 30:</u>	General Fund <u>Total Revenue</u>	<u>State Aid</u>	State Aid to <u>Revenues (%)</u>
2017	\$77,576,251	\$28,359,960	36.56
2018	79,162,653	28,397,072	35.87
2019	81,939,211	29,207,877	35.65
2020	82,188,677	28,419,527	34.58
2021	82,680,305	28,215,759	34.13
2022 (Budgeted) ^b	85,692,726	29,546,357	34.48
2023 (Budgeted) ^b	88,019,717	30,883,044	35.09

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

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

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

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

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

The State's 2021-22 Enacted Budget also provided \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund to public schools. This funding available for use over multiple years, was designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

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

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

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

State Aid Litigation

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

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

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

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

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

Events Affecting State Aid to New York School Districts

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

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

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

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

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

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

The 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: 16.7%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

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

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

Employee Pension System

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

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

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

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

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

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

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

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
2017	\$3,523,541	\$891,814
2018	3,057,456	926,877
2019	3,563,823	1,045,009
2020	2,982,000	885,724
2021	3,263,495	1,142,955
2022	3,311,108	999,514
2023 (Budgeted)	3,657,889	1,152,417

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

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

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending June 30, 2021:</u>
Total OPEB liability as of June 30, 2020	\$202,352,855
Changes for the year:	
Service Cost	9,920,123
Interest	4,654,603
Differences between actual and expected experience	(10,110,642)
Changes in assumptions or other inputs	3,835,127
Benefit payments	<u>(3,333,132)</u>
Total Changes	<u>\$4,966,079</u>
Total OPEB liability as of June 30, 2021	<u><u>\$207,318,934</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 Town of Southampton. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see “*The Tax Levy Limit Law*” herein for a discussion of certain statutory limitation that have been imposed.

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

Fiscal Year Ending <u>June 30:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2017	\$77,576,251	\$41,957,835	54.09
2018	79,162,653	43,578,119	55.05
2019	81,939,211	45,230,662	55.20
2020	82,188,677	47,140,370	57.36
2021	82,680,305	47,591,378	57.56
2022 (Budgeted) ^b	85,692,726	52,483,059	61.25
2023 (Budgeted) ^b	88,019,717	53,608,209	60.90

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

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

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. After May 31st there is a 5% penalty for unpaid taxes plus 5% interest. Penalties increase 1% per month thereafter.

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

The Tax Levy Limit Law

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

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

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

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

STAR - School Tax Exemption

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

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

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

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately 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 is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See “State Aid” herein).

Valuations, Rates and Levies

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

	<u>Assessed Valuation</u>	<u>State Equal. Rate (%)</u>	<u>Full Valuation</u>	<u>Tax Rate Per \$1,000 Assessed Valuation</u>	<u>Tax Levy</u>
2018	\$17,217,646	0.9	\$1,913,071,778	\$2,879.81	\$43,532,336
2019	17,224,835	0.86	2,002,887,791	2,966.43	45,160,696
2020	17,261,706	0.79	2,185,026,076	3,034.14	47,074,451
2021	17,233,893	0.77	2,238,167,922	3,043.36	47,557,186
2022	17,240,795	0.74	2,329,837,162	3,044.12	47,792,662

Source: Tax Rate Sheets for the Town of Brookhaven.
 Note: The Tax Levy amounts do not include STAR payments.

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

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYS Department of Environmental Conservation	State Land	\$ 962,200
Long Island Power Authority	Utility	686,369
In Towne Shopping Center C/O Staller Associates	Shopping Center	210,000
Keyspan	Utility	129,163
Milrock, Inc.	Shopping Center	108,000
Rocky Point Owners, Inc.	Apartments	93,781
Miller Family Limited	Commercial	75,000
Public Storage Inc.	Storage	60,000
Verizon	Utility	31,078
HKDG, Inc.	Commercial	30,415
People of the State of NY	Commercial	24,800
KOTA Realty, Inc.	Real Estate	20,700
Beliot Group Inc.	Commercial	15,600
Rhinebeck Realty, Inc.	Real Estate	14,320
ECI Conway Inc.	Commercial	14,100
	Total ^a	\$2,475,526

a. Represents 14.36% of the Assessed Valuation of the District for 2021-2022.
 Source: Town Assessment Roll.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim. In the opinion of the District, after consultation with its attorneys, 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 or cannot assert substantial and adequate defenses, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

There is one case worthy of special mention: In a Notice of Claim received in late April, the Claimant alleged being diagnosed with lung cancer in the fall of 2019, and claims the condition was caused by exposure to asbestos while working as an HVAC contractor for several different school districts throughout Long Island. At least eight other school districts have received similar notice of claim from the same Claimant. The Claimant alleges performing work in the District sometime between 2007-2008. The Notice of Claim does not contain a specific damages demand. The District's insurance reciprocal has issued a denial of coverage letter. The District is seeking to identify the contractor involved in the work and demand a defense and indemnification on behalf of the District for such claim. The investigation of the claim is proceeding. The District intends to vehemently oppose the claim.

CYBERSECURITY

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

RISK FACTORS

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

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

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

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

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

Compliance History

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Financial &</u> <u>Operating</u> <u>Information</u>	<u>Audited</u> <u>Financial</u> <u>Statements</u>
2017	12/27/2017	10/17/2017
2018	12/26/2018	11/15/2018
2019	12/04/2019	10/28/2019
2020	11/12/2020	11/06/2020
2021	12/10/2021	12/08/2021

RATING

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

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has 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: Christopher A. Van Cott, Assistant Superintendent for Business, Rocky Point Union Free School District, 90 Rocky Point Yaphank Road, Rocky Point, NY 11778, Phone (631) 849-7564, Fax (631) 849-7556 and email: chrisvancott@rpufsd.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

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

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

By: s/s JESSICA WARD
President of the Board of Education
Rocky Point Union Free School District
Rocky Point, New York

September , 2022

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund

	Fiscal Year Ended June 30:	
	2020	2021
Assets:		
Cash and Cash Equivalents	\$ 20,572,283	\$ 26,268,870
Accounts Receivable	143,953	64,843
Due From Other Funds	2,483,983	2,009,220
Due from State and Federal	1,563,627	870,789
Due From Other Governments	2,084,095	1,944,598
Prepaid Items	60,000	60,000
Total Assets	\$ 26,907,941	\$ 31,218,320
Liabilities:		
Accounts Payable	\$ 2,144,202	\$ 2,663,569
Accrued Liabilities	88,678	131,643
Due to Other Funds	261,854	88,730
Due to Teachers' Retirement System	3,005,341	3,258,188
Due to Employees' Retirement System	319,946	365,077
Compensated Absences	91,340	129,381
Student Deposits		46,816
Other Liabilities		442,253
Collections in Advance	20,369	12,800
Unavailable Revenues	500,294	
Total Liabilities	\$ 6,432,024	\$ 7,138,457
Fund Equity:		
Nonspendable	60,000	60,000
Restricted	13,076,259	18,017,125
Assigned	3,277,377	2,575,095
Unassigned	4,062,281	3,427,643
Total Fund Equity	20,475,917	24,079,863
Total Liabilities and Fund Equity	\$ 26,907,941	\$ 31,218,320

Source: Audited Annual Financial Reports of the District (2020-2021)

Note: This schedule is NOT audited.

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

	Fiscal Year Ending June 30:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 41,957,835	\$ 43,578,119	\$ 45,230,662	\$ 47,140,370	\$ 47,591,378
Other Real Property Tax Items	6,127,098	6,051,213	5,935,572	5,299,982	4,891,761
Charges for Services	254,469	254,585	232,703	195,507	124,189
Use of Money and Property	46,476	87,662	164,988	104,877	22,173
Sale of Property & Comp. for Loss	16,336	45,813	139,202	8,126	133,912
Miscellaneous	691,902	659,020	950,700	739,556	1,274,389
State Aid	28,359,960	28,397,072	29,207,877	28,419,527	28,215,759
Federal Sources				280,732	426,744
Medicaid Reimbursements	122,175	89,169	77,507		
Total Revenues	<u>77,576,251</u>	<u>79,162,653</u>	<u>81,939,211</u>	<u>82,188,677</u>	<u>82,680,305</u>
Expenditures:					
General Support	\$ 9,057,423	\$ 10,041,181	\$ 10,858,787	\$ 9,671,948	\$ 9,347,515
Instruction	43,055,267	44,303,925	45,834,346	45,417,345	44,111,045
Pupil Transportation	4,489,513	4,535,431	4,901,470	4,460,033	4,721,712
Employee Benefits	16,748,573	16,966,760	17,847,500	17,494,955	17,647,875
Debt Service	78,375	65,394	112,134	79,500	69,375
Total Expenditures	<u>\$ 73,429,151</u>	<u>\$ 75,912,691</u>	<u>\$ 79,554,237</u>	<u>\$ 77,123,781</u>	<u>\$ 75,897,522</u>
Other Sources and Uses:					
Premiums from Obligations	47,880		37,275	20,702	42,652
Operating Transfers In	330,962	100,000	22,801	23,000	23,000
Operating Transfers (Out)	<u>(3,156,399)</u>	<u>(7,235,285)</u>	<u>(4,334,572)</u>	<u>(4,182,799)</u>	<u>(3,244,489)</u>
Total Other Sources and (Uses)	<u>(2,777,557)</u>	<u>(7,135,285)</u>	<u>(4,274,496)</u>	<u>(4,139,097)</u>	<u>(3,178,837)</u>
Excess (Deficiency) of Revenues & Other Sources over Expenditures & Other (Uses)					
	1,369,543	(3,885,323)	(1,889,522)	925,799	3,603,946
Fund Balance Beginning of Year	23,955,420	25,324,963	21,439,640	19,550,118	20,475,917
Adjustments					
Fund Balance End of Year	<u>\$ 25,324,963</u>	<u>\$ 21,439,640</u>	<u>\$ 19,550,118</u>	<u>\$ 20,475,917</u>	<u>\$ 24,079,863</u>

Source: Audited Annual Financial Reports of the District

Note: This schedule is NOT audited.

Budget Summary
General Fund

	Fiscal Year Ending June 30:	
	2021-2022	2022-2023
Revenues:		
Real Property Taxes (including STAR)	\$ 52,483,059	\$ 53,608,209
State Aid	29,546,357	30,883,044
Other Income	710,891	734,991
Appropriation of Fund Balance	2,952,419	2,793,473
Total Revenues	\$ 85,692,726	\$ 88,019,717
Expenditures:		
General Support	\$ 9,457,812	\$ 9,843,219
Instruction	48,471,980	48,870,470
Pupil Transportation	5,437,518	6,051,969
Employee Benefits	19,821,041	20,765,172
Debt Service and Transfers	2,504,375	2,488,887
Total Expenditures	\$ 85,692,726	\$ 88,019,717

Note: This schedule is NOT audited.
Source: Adopted Budgets of the District

APPENDIX B

CASH FLOWS

ROCKY POINT UNION FREE SCHOOL DISTRICT

**CASH FLOW ACTUAL 2021-2022 (000's)^a
(Actual through June)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	21,764	20,550	18,994	20,804	15,362	7,586	5,452	25,678	23,824	28,182	22,381	24,319	21,764
Receipts													
Property Taxes						1,979	22,136	4,019	773	556	3,617	14,712	47,792
STAR Aid							4,690						4,690
State Aid	783	715	4,109	1,034	102	2,318	136	102	10,563		3,888	1,623	25,373
Other Receipts	1,172	51	32	31	199	110	466	87	236	65	64	212	2,725
Transfer from Other Funds												154	154
Due From Other Funds		387	143	48	6	724	139	218	747	31	325	860	3,628
NYS Aid Due to Other Funds	1,381												1,381
TAN Proceeds			3,521										3,521
Total Receipts	3,336	1,153	7,805	1,113	307	5,131	27,567	4,426	12,319	652	7,894	17,561	89,264
Disbursements													
Salaries and Benefits	704	883	4,314	3,666	3,481	3,674	5,207	2,093	5,245	3,599	3,574	8,725	45,165
Operating Expenses	3,846	1,826	1,681	1,438	4,389	3,591	1,834	3,687	2,716	2,504	2,382	4,469	34,363
Due to Other Funds				851								2,500	3,351
Debt Service					213							1,738	1,951
Loan to Other Funds				600			300	500		350			1,750
Repayment of TAN												3,528	3,528
Total Disbursements	4,550	2,709	5,995	6,555	8,083	7,265	7,341	6,280	7,961	6,453	5,956	20,960	90,108
Balance	20,550	18,994	20,804	15,362	7,586	5,452	25,678	23,824	28,182	22,381	24,319	20,920	
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	3,528	3,528
Disbursements	0	0	0	0	0	0	0	0	0	0	0	3,528	3,528
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

*Note - Opening balance includes approximately \$14.1 million in restricted reserves.

ROCKY POINT UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTION 2022-2023 (000's)^a

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	20,920	18,193	15,936	16,809	12,672	4,030	701	20,692	19,056	24,327	20,001	21,892	20,920
Receipts													
Property Taxes						2,138	22,356	4,369	1,023	556	3,617	14,559	48,618
STAR Aid							4,990						4,990
State Aid	868	793	4,155	1,146	113	2,218	151	613	11,709	1,795	4,310	2,952	30,823
Other Receipts	1,223	53	33	32		115	386	291	246	68	67	119	2,633
Due from Other Funds				64	8				744	175	132		1,123
NYS Aid Due to Other Funds	92											25	117
TAN Proceeds			3,000										3,000
Total Receipts	2,183	846	7,188	1,242	121	4,471	27,883	5,273	13,722	2,594	8,126	17,655	91,304
Disbursements													
Salaries and Benefits	885	1,097	4,518	3,808	3,629	3,808	4,952	2,208	5,217	3,694	3,618	8,363	45,797
Operating Expenses	4,025	2,006	1,797	1,571	4,504	3,692	2,015	3,901	2,984	2,751	2,617	4,884	36,747
Due to Other Funds						300	450	300	250				1,300
Debt Service					630							1,762	2,392
Loan to Other Funds							475	500		475			1,450
Repayment of TAN												3,000	3,000
Total Disbursements	4,910	3,103	6,315	5,379	8,763	7,800	7,892	6,909	8,451	6,920	6,235	18,009	90,686
Balance	18,193	15,936	16,809	12,672	4,030	701	20,692	19,056	24,327	20,001	21,892	21,538	
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	3,000	3,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	3,000	3,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

*Note - Opening balance includes approximately \$13 million in restricted reserves.

ROCKY POINT UNION FREE SCHOOL DISTRICT

APPENDIX C

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

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

ROCKY POINT UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Rocky Point Union Free School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions, and schedule of changes in the District's total other post-employment benefit liability, on pages 1 through 16 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 12, 2021

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Rocky Point Union Free School District's (the "District") financial performance for the fiscal 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 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.

1. FINANCIAL HIGHLIGHTS

- The District's total net deficit, as reflected in the District-Wide Financial Statements, increased by \$14,931,665 based on the accrual basis of accounting, including \$19,870,182 of expenses recorded as a result of changes in the actuarial valuations for the net pension liabilities and other post-employment benefit obligation.
- The District's fund balance in the general fund, as reflected in the Fund Financial Statements increased by \$3,603,946 based on the modified accrual basis of accounting.
- State and federal source revenues in the general fund decreased by \$57,756 to \$28,642,503 in fiscal year 2021 from \$28,700,259 in fiscal year 2020.
- The District's allowable tax levy increase for 2021-2022 was computed to be 0.89% using the prescribed formula; however, the District appropriated \$2,079,419 of fund balance and allocated \$873,000 from existing reserve funds toward the 2021-2022 budget to eliminate the need for a tax levy increase and in doing so, reduced the burden on District taxpayers.
- The District's 2021-2022 budget includes funding for student programs and services, including extracurricular and occupational education programs, building renovations, and an investment in capital assets. On May 18, 2021, the proposed 2021-2022 budget was approved by 79% of the District's voters, demonstrating continued support from the community.
- The COVID-19 pandemic resulted in unanticipated expenditures in the areas of staffing, cleaning, equipment, and supplies in fiscal year 2021. These incurred and unbudgeted costs were necessary to keep the District's buildings open and to mitigate the spread of the virus. To help address these expenditures, the District made use of its capital reserve fund by appropriating \$384,077 to cover eligible equipment costs. Additionally, the District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through Elementary and Secondary School Emergency Relief Program (ESSER) and the Governor's Emergency Education Relief Program (GEER). Lastly, claims for reimbursement have been submitted to FEMA for personal protective equipment (PPE) and overtime custodial costs associated with building disinfection.
- The District implemented Government Accounting Standards Board Statement No. 84 (GASB Statement No. 84), *Fiduciary Activities*, in fiscal year 2021. This resulted in the restatement of opening net position (deficit) and fund balance. See Note 17 to the financial statements for further information.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education. In August 2021, the District was awarded CRRSA funding of \$2,461,685 through the Elementary and Secondary School Emergency Education Relief Program (ESSER) and \$305,129 through the Governor’s Emergency Education Relief Program (GEER). The District plans to submit an application to New York State for its allocation of ARP Act ESSER monies of \$3,667,023. CRRSA Act and ARPA Act monies will be used to address learning loss, social emotional learning objectives, counseling, summer and after school enrichment, and other initiatives.

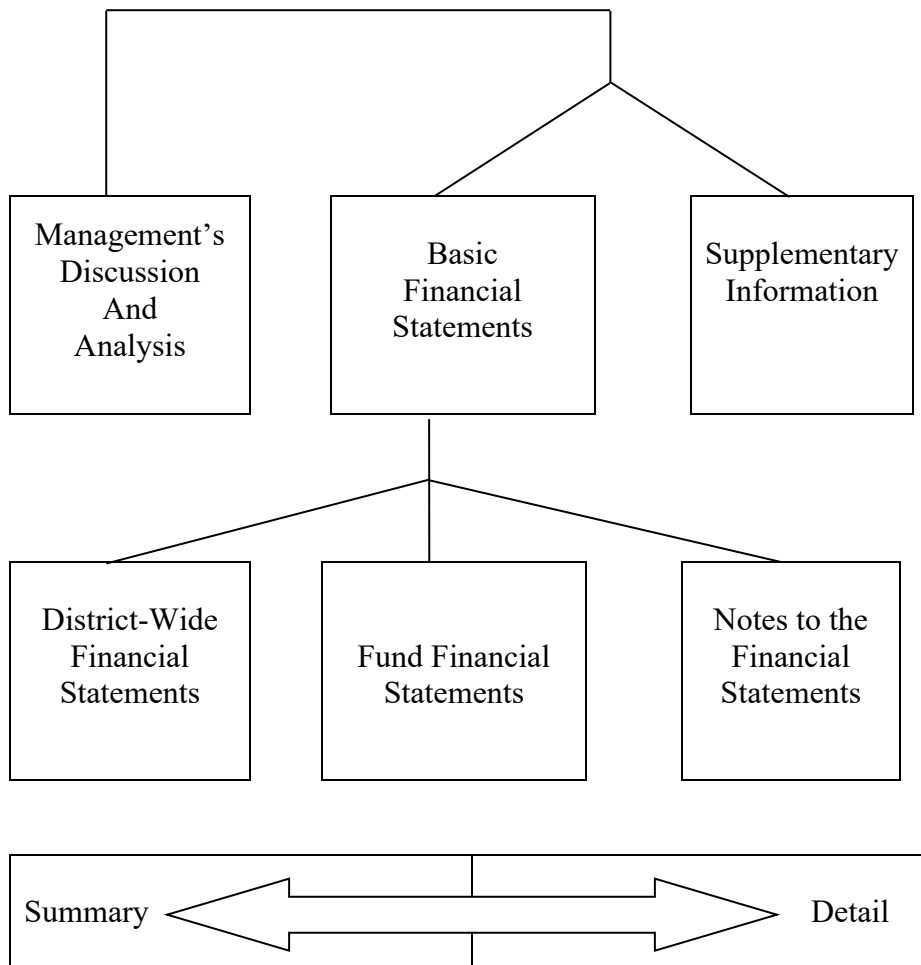
2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**



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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position 	<ul style="list-style-type: none"> Balance Sheet

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	• Statement of Activities	• Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A) District-Wide Financial Statements:

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets and deferred outflows of resources and 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 they have changed. Net position, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

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

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

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

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

B) Fund Financial Statements:

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

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Current assets and other assets, other liabilities, and total net position (deficit) for 2020 have been restated for the implementation of GASB Statement No. 84. This Statement eliminates the private purpose trust fund and trust and agency fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 17 to the financial statements for further information.

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current assets and other assets	\$ 29,207,425	\$ 29,009,689	\$ 197,736
Other liabilities	5,900,974	5,811,434	89,540
Net Position			
Restricted	14,104,588	14,056,364	48,224
Unrestricted (Deficit)	(147,009,749)	(147,069,721)	59,972
Total Net Position (Deficit)	(88,336,528)	(88,444,724)	108,196

The District's total net deficit increased by \$14,931,665 in the fiscal year ended June 30, 2021 as detailed below:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase/ (Decrease)	Total Percentage Change
Current and other assets	\$32,386,388	\$29,207,425	\$3,178,963	10.88%
Capital assets, net	61,002,343	59,951,126	1,051,217	1.75%
Net pension asset, proportionate share	-	5,005,152	(5,005,152)	-100.00%
Total Assets	93,388,731	94,163,703	(774,972)	-0.82%
Deferred outflows of resources	84,329,675	87,810,745	(3,481,070)	-3.96%
Total Assets and Deferred Outflows of Resources	177,718,406	181,974,448	(4,256,042)	-2.34%
Other liabilities	7,148,367	5,900,974	1,247,393	21.14%
Long-term liabilities	233,763,430	231,388,926	2,374,504	1.03%
Total Liabilities	240,911,797	237,289,900	3,621,897	1.53%
Deferred inflows of resources	40,074,802	33,021,076	7,053,726	21.36%
Net Position (Deficit)				
Net investment in capital assets	47,244,471	44,568,633	2,675,838	6.00%
Restricted	18,242,079	14,104,588	4,137,491	29.33%
Unrestricted (Deficit)	(168,754,743)	(147,009,749)	(21,744,994)	14.79%
Total Net Position (Deficit)	(\$103,268,193)	(\$88,336,528)	(\$14,931,665)	16.90%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Current and other assets increased by \$3,178,963, or 10.88%, as compared to the prior year primarily as a result of an increase in cash and cash equivalents, offset by a decrease in due from state and federal. Capital assets (net of accumulated depreciation) increased by \$1,051,217, or 1.75%, due to current year additions, offset by current year depreciation expense. The net pension asset – proportionate share – teachers' retirement system resulted in a net pension liability of \$5,263,199 as a result of the actuarial valuation provided by the State.

Deferred outflows of resources represents contributions to the employees' and teachers' retirement plans subsequent to the measurement dates and actuarial adjustments of the retirement and other post-employment benefit (OPEB) plans that will be amortized in future years.

Other liabilities increased by \$1,247,393, or 21.14%, primarily due to increases in accounts payable, due to teachers' retirement system, and other liabilities. Long-term liabilities increased by \$2,374,504, or 1.03%, primarily due to increases in OPEB obligation and net pension liability - proportionate share – teachers' retirement system, offset by a decrease in bonds payable.

The changes in deferred inflows of resources represent actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, improvements other than buildings, and furniture, equipment, and vehicles, net of accumulated depreciation, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, or gains on refunding).

The restricted net position refers to the District's reserves: workers' compensation, unemployment insurance, retirement contribution (employees' retirement system and teachers' retirement system), property loss, liability, employee benefit accrued liability, and capital, as well as debt service and scholarships and donations restricted for a specific purpose.

The unrestricted net deficit in the amount of \$168,754,743 relates to the balance of the District's net deficit. This number does not include the District's reserves, which are classified as restricted net position. Additionally, in accordance with state guidelines, the District is only permitted to fund other postemployment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB obligation. This deficit increased by \$21,744,994, or 14.79%, from the prior year.

The overall net deficit increased by \$14,931,665.

B. Changes in Net Position

Charges for services, operating grants and contributions, other revenues, and instruction expenses were increased due to the implementation of GASB Statement No. 84. The following schedule outlines these changes:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 619,647	\$ 579,934	\$ 39,713
Operating grants and contributions	2,066,492	2,059,077	7,415
Other	361,498	361,178	320
Expenses			
Instruction	82,749,576	82,712,610	36,966

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

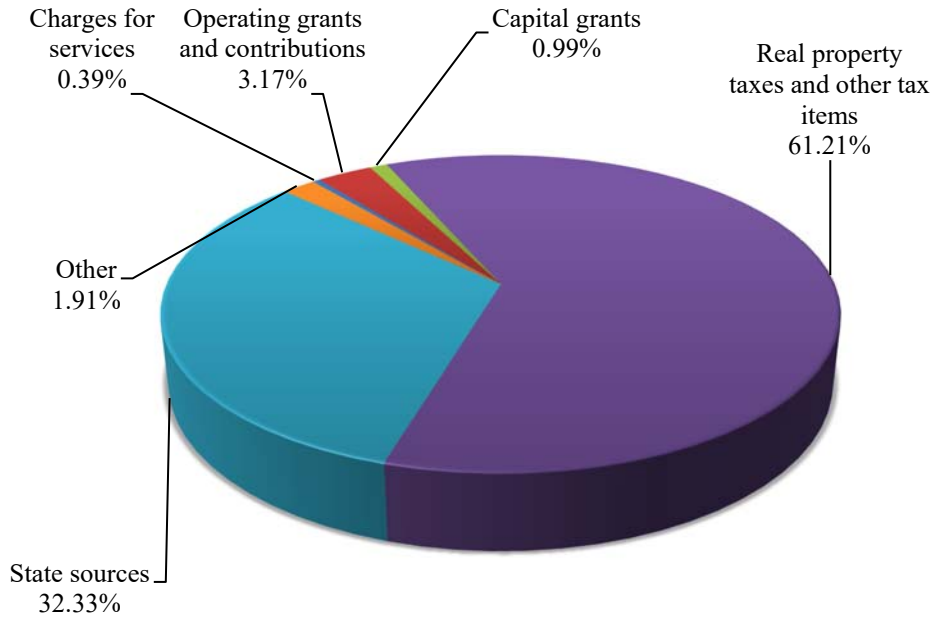
	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$331,401	\$619,647	(\$288,246)	-46.52%
Operating grants and contributions	2,715,028	2,066,492	648,536	31.38%
Capital grants	856,760	399,598	457,162	114.41%
General revenues				
Real property taxes and other tax items	52,483,139	52,440,352	42,787	0.08%
State sources	27,715,465	28,919,821	(1,204,356)	-4.16%
Other	1,637,702	361,498	1,276,204	353.03%
Total Revenues	<u>85,739,495</u>	<u>84,807,408</u>	<u>932,087</u>	1.10%
Expenses				
General support	13,468,551	13,638,424	(169,873)	-1.25%
Instruction	80,827,995	82,749,576	(1,921,581)	-2.32%
Pupil transportation	4,879,065	4,681,288	197,777	4.22%
Debt service-interest	489,855	465,006	24,849	5.34%
Food service program	1,005,694	980,140	25,554	2.61%
Total Expenses	<u>100,671,160</u>	<u>102,514,434</u>	<u>(1,843,274)</u>	-1.80%
(Increase) decrease in net deficit	<u>(\$14,931,665)</u>	<u>(\$17,707,026)</u>	<u>\$2,775,361</u>	-15.67%

The District's fiscal year 2021 revenues totaled \$85,739,495. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 61.21% and 32.33%, respectively, of total revenue. The remainder came from charges for services, operating grants and contributions, capital grants, and other miscellaneous sources.

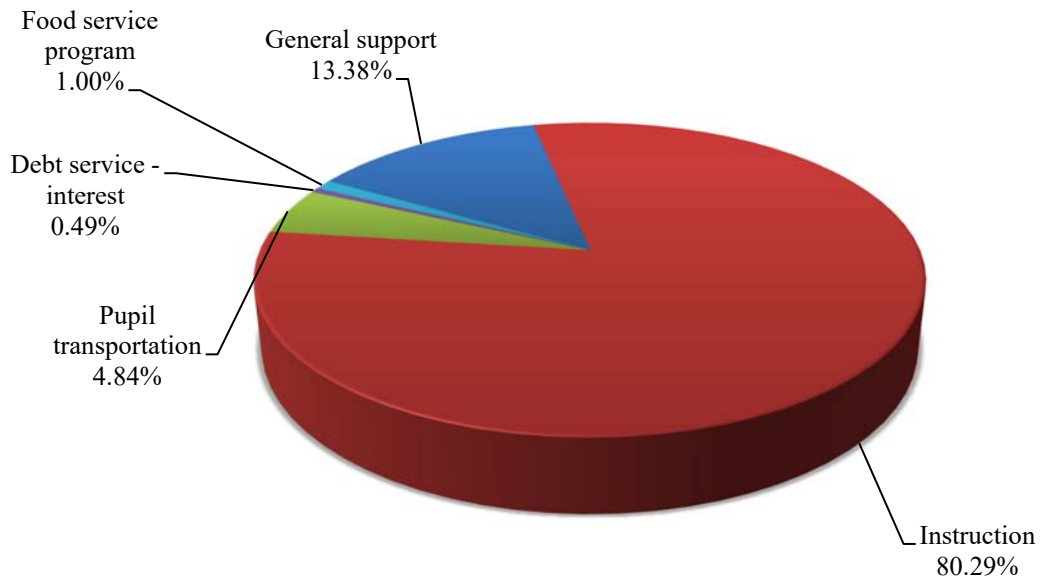
The total cost of all programs and services totaled \$100,671,160 for fiscal year 2021. These expenses are predominantly related to general support and instruction, which account for 13.38% and 80.29% of total costs, respectively. Total expenses decreased by \$1,806,308, or 1.76%, primarily due to cost saving measures implemented by the District.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues for Fiscal Year 2021



Expenses for Fiscal Year 2021



**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of June 30, 2021, the District's governmental funds reported a total fund balance of \$24,238,346, which is an increase of \$2,450,301 from the prior year. This increase is primarily due to an increase in fund balance in the general fund, offset by a decrease in fund balance in the capital projects fund. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84. See Note 17 to the financial statements for further information.

A summary of the changes in fund balance for all funds is as follows:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Nonspendable: Prepaid expenditures	\$60,000	\$60,000	\$0	0.00%
Restricted:				
Workers' compensation	2,046,298	1,430,045	616,253	43.09%
Unemployment insurance	466,018	515,531	(49,513)	-9.60%
Retirement contribution:				
Employees' retirement system	4,807,202	2,804,270	2,002,932	71.42%
Teachers' retirement system	1,915,855	1,258,685	657,170	52.21%
Property loss	54,353	54,296	57	0.10%
Liability	54,353	54,296	57	0.10%
Employee benefit accrued liability	4,165,015	4,160,665	4,350	0.10%
Capital	4,508,031	2,798,471	1,709,560	61.09%
Assigned:				
Appropriated fund balance	2,079,419	2,577,971	(498,552)	-19.34%
Unappropriated fund balance	495,676	699,406	(203,730)	-29.13%
Unassigned fund balance	3,427,643	4,062,281	(634,638)	-15.62%
Total fund balance - general fund	<u>\$24,079,863</u>	<u>\$20,475,917</u>	<u>\$3,603,946</u>	17.60%
School Food Service Fund				
Nonspendable - inventory	\$47,353	\$61,634	(\$14,281)	-23.17%
Assigned	51,447	52,282	(835)	-1.60%
Total fund balance - school food service fund	<u>\$98,800</u>	<u>\$113,916</u>	<u>(\$15,116)</u>	-13.27%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	\$48,507	\$48,224	\$283	0.59%
Assigned	55,028	59,972	(4,944)	-8.24%
Total fund balance - miscellaneous special revenue fund	<u>\$103,535</u>	<u>\$108,196</u>	<u>(\$4,661)</u>	-4.31%
Debt Service Fund				
Restricted for debt service	\$117,520	\$139,449	(\$21,929)	-15.73%
Total fund balance - debt service fund	<u>\$117,520</u>	<u>\$139,449</u>	<u>(\$21,929)</u>	-15.73%
Capital Projects Fund				
Restricted for capital projects	\$58,927	\$840,656	(\$781,729)	-92.99%
Restricted unspent bond proceeds	797,128	1,149,591	(352,463)	-30.66%
Unassigned	(1,017,427)	(1,039,680)	22,253	-2.14%
Total fund balance - capital projects fund	<u>(\$161,372)</u>	<u>\$950,567</u>	<u>(\$1,111,939)</u>	-116.98%
Total Fund Balance - All funds	<u>\$24,238,346</u>	<u>\$21,788,045</u>	<u>\$2,450,301</u>	11.25%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A. General Fund

The fund balance in the general fund increased by \$3,603,946 due to revenues and other financing sources exceeding actual expenditures and other financing uses in the current year.

B. School Food Service Fund

The fund balance in the school food service fund decreased by \$15,116 due to an operating deficit, offset partially by an interfund transfer from the general fund.

C. Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue fund decreased by \$4,661 due to expenditures exceeding revenues in the current year for scholarships and donations and extraclassroom activities.

D. Debt Service Fund

The fund balance in the debt service fund decreased by \$21,929 due to a transfer to the general fund for a budgeted use of the debt service fund to offset debt service expense in the general fund, which was partially offset by interest income.

E. Capital Projects Fund

The fund balance in the capital projects fund decreased by \$1,111,939 due to expenditures on capital projects, offset partially by an interfund transfer from the general fund and amounts received from state sources.

GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 BUDGET

The District's general fund original budget for the year ended June 30, 2021 was \$84,586,600. This amount was increased by encumbrances carried forward from the prior year in the amount of \$699,406 and budget revisions of \$739,010, which resulted in a final budget of \$86,025,016. The majority of the funding came from real property taxes and other tax items, including STAR revenue, of \$52,483,059.

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

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Opening, unassigned fund balance	\$ 4,062,281
Revenues over budget	1,082,395
Expenditures and encumbrances under budget	6,387,330
Unused appropriated reserves	(115,073)
Interest allocated to reserves	(12,539)
Allocation to reserves	(5,897,332)
Assigned - appropriated for June 30, 2022 budget	<u>(2,079,419)</u>
Closing, unassigned fund balance	<u>\$ 3,427,643</u>

The \$4,062,281 represents the portion of the District's June 30, 2020 fund balance that was retained as unassigned fund balance.

The revenues over budget of \$1,082,395 were primarily the result of higher than anticipated revenue collections during the year, primarily from miscellaneous and federal sources. (See Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of \$6,387,330 were primarily the result of general support, instruction, and employee benefits coming in under budget. (See Supplemental Schedule #1 for detail).

In the 2020-21 budget, \$373,000 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$115,073 of this funding was not needed and was returned to the reserves for future use.

Interest in the amount of \$12,539 was allocated to the reserves as follows: \$1,182 to the workers' compensation reserve, \$487 to the unemployment insurance reserve, \$2,932 to the retirement contribution reserve – employees' retirement system, \$1,316 to the retirement contribution reserve – teachers' retirement system, \$57 to the property loss reserve, \$57 to the liability loss reserve, \$4,350 to the employee benefit accrued liability reserve, and \$2,158 to the capital reserve.

Transfers to reserves in the amount of \$5,897,332 were as follows: \$655,853 to the retirement contribution reserve for the teachers' retirement system, \$2,000,000 to the retirement contribution reserve for employees' retirement system, \$800,000 to the workers' compensation reserve, and \$2,441,479 to the capital reserve.

The assigned, appropriated fund balance of \$2,079,419 is the amount the District has chosen to use to partially fund its operating budget for 2021-2022.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4% of the 2021-2022 budget. At June 30, 2021, the District's unassigned fund balance is within the statutory limit. (See Supplemental Schedule #5 for detail).

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

5. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$2,891,482 in excess of depreciation expense and loss on disposal of \$1,840,265. The District paid for equipment and various building additions and renovations during the fiscal year 2021. See Note 8 to the financial statements for detail. A summary of the District's capital assets, net of accumulated depreciation, is as follows:

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Increase (Decrease)</u>
Land	\$737,304	\$737,304	\$-
Construction in progress	11,791,560	9,673,946	2,117,614
Buildings and improvements	46,803,039	47,809,121	(1,006,082)
Improvements other than buildings	69,875	102,164	(32,289)
Furniture, equipment, and vehicles	1,600,565	1,628,591	(28,026)
Total capital assets, net	<u>\$61,002,343</u>	<u>\$59,951,126</u>	<u>\$1,051,217</u>

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$14,555,000. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt is due to current year principal payments. More detailed information about the District's long-term debt is presented in the Note 11 to the financial statements.

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

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Refunding Serial Bonds	1/27/2010	2.00%-5.00%	\$ -	\$ 425,000	(425,000)
Serial Bonds	6/27/2017	2.00%-3.00%	7,240,000	7,820,000	(580,000)
Serial Bonds	7/26/2018	3.00%	5,600,000	5,975,000	(375,000)
Refunding Serial Bonds	12/12/2019	5.00%	1,715,000	2,240,000	(525,000)
Total:			<u>\$14,555,000</u>	<u>\$16,460,000</u>	<u>(\$1,905,000)</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

C. Other Long Term Liabilities

Included in the District's long term liabilities are the estimated amounts due for compensated absences, termination benefits, workers' compensation liability, total other post-employment benefits and net pension liabilities. The compensated absences liability and termination benefits liability are based on employment contracts. The workers' compensation liability is based on loss runs provided by the third party administrator. The total other post-employment benefits obligation and net pension liabilities are based on actuarial valuations.

	2021	2020	Increase (Decrease)
Compensated absences	\$5,499,693	\$5,436,366	\$63,327
Termination benefits	536,900	539,100	(2,200)
Workers' compensation	568,786	608,559	(39,773)
Total OPEB obligation	207,318,934	202,352,855	4,966,079
Net pension liability - proportionate share			
Employees' retirement system	20,918	5,919,962	(5,899,044)
Teachers' retirement system	5,263,199	-	5,263,199
	<u>\$219,208,430</u>	<u>\$214,856,842</u>	<u>\$4,351,588</u>

6. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 14, 2021 for the year ending June 30, 2022, is \$85,692,726. This represents an increase of \$1,106,126, or 1.31%, from the previous year's budget.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly influence the District's future budgets.

C. Tax Cap

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D. Coronavirus Related Funding

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

7. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Mr. Christopher A. Van Cott
Assistant Superintendent for Business
Rocky Point Union Free School District
90 Rocky Point – Yaphank Rd.
Rocky Point, NY 11778

ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$8,445,335
Restricted	19,039,151
Receivables	
Accounts receivable	65,619
Due from state and federal	2,784,332
Due from other governments	1,944,598
Inventory	47,353
Prepaid items	60,000
Non-current assets	
Capital assets	
Not being depreciated	12,528,864
Being depreciated, net of accumulated depreciation	48,473,479
TOTAL ASSETS	<u>93,388,731</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment benefits	61,603,085
Pensions	22,726,590
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>84,329,675</u>
LIABILITIES	
Payables	
Accounts payable	2,705,388
Accrued liabilities	145,082
Accrued interest payable	17,751
Due to teachers' retirement system	3,258,188
Due to employees' retirement system	365,077
Due to other governments	72
Compensated absences payable	129,381
Student deposits	46,816
Other liabilities	442,253
Unearned credits	
Collections in advance	38,359
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,525,000
Compensated absences payable	168,621
Due and payable after one year	
Bonds payable	13,030,000
Compensated absences payable	5,331,072
Termination benefits payable	536,900
Workers' compensation claims payable	568,786
Total other post-employment benefits obligation	207,318,934
Net pension liability - proportionate share - employees' retirement system	20,918
Net pension liability - proportionate share - teachers' retirement system	5,263,199
TOTAL LIABILITIES	<u>240,911,797</u>
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	31,127,865
Pensions	8,946,937
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,074,802</u>
NET POSITION	
Net investment in capital assets	<u>47,244,471</u>
Restricted	
Workers' compensation	2,046,298
Unemployment insurance	466,018
Retirement contribution - ERS	4,807,202
Retirement contribution - TRS	1,915,855
Property loss	54,353
Liability	54,353
Employee benefit accrued liability	4,165,015
Capital	4,566,958
Debt service	117,520
Scholarships and donations	48,507
	<u>18,242,079</u>
Unrestricted (deficit)	<u>(168,754,743)</u>
TOTAL NET POSITION (DEFICIT)	<u>(103,268,193)</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Capital Grants	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
General support	(\$13,468,551)				(\$13,468,551)
Instruction	(80,827,995)	\$160,334	\$1,865,971	\$856,760	(77,944,930)
Pupil transportation	(4,879,065)				(4,879,065)
Debt service - interest	(489,855)				(489,855)
Food service program	(1,005,694)	171,067	849,057		14,430
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$100,671,160)</u>	<u>\$331,401</u>	<u>\$2,715,028</u>	<u>\$856,760</u>	<u>(96,767,971)</u>
GENERAL REVENUES					
Real property taxes					47,591,378
Other tax items - including STAR reimbursement					4,891,761
Use of money and property					23,514
Sale of property and compensation for loss					133,912
Miscellaneous					1,321,977
State sources					27,715,465
Medicaid reimbursement					158,299
TOTAL GENERAL REVENUES					<u>81,836,306</u>
CHANGES IN NET POSITION					
					(14,931,665)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 17)					<u>(88,336,528)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>(\$103,268,193)</u>

ROCKY POINT UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$7,673,537	\$257,957	\$458,813	\$55,028			\$8,445,335
Restricted	18,595,333			48,406	\$117,464	\$277,948	19,039,151
Receivables							
Accounts receivable	64,843		776				65,619
Due from other funds	2,009,220	88,573		101	56		2,097,950
Due from state and federal	870,789	682,967	213,150			1,017,426	2,784,332
Due from other governments	1,944,598						1,944,598
Inventory			47,353				47,353
Prepaid items	60,000						60,000
TOTAL ASSETS	<u>\$31,218,320</u>	<u>\$1,029,497</u>	<u>\$720,092</u>	<u>\$103,535</u>	<u>\$117,520</u>	<u>\$1,295,374</u>	<u>\$34,484,338</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Payables							
Accounts payable	\$2,663,569		\$2,499			\$39,320	\$2,705,388
Accrued liabilities	131,643	\$2,597	10,842				145,082
Due to other funds	88,730	1,026,900	582,320			400,000	2,097,950
Due to other governments			72				72
Due to teachers' retirement system	3,258,188						3,258,188
Due to employees' retirement system	365,077						365,077
Compensated absences	129,381						129,381
Student Deposits	46,816						46,816
Other liabilities	442,253						442,253
Unearned revenues							
Collections in advance	12,800		25,559				38,359
TOTAL LIABILITIES	<u>7,138,457</u>	<u>1,029,497</u>	<u>621,292</u>	<u>-</u>	<u>-</u>	<u>439,320</u>	<u>9,228,566</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues						1,017,426	1,017,426
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,017,426</u>	<u>1,017,426</u>
FUND BALANCES							
Non-spendable:							
Inventory			47,353				47,353
Prepaid expenditures	60,000						60,000
Restricted							
Workers' compensation	2,046,298						2,046,298
Unemployment insurance	466,018						466,018
Retirement contribution - employees' retirement system	4,807,202						4,807,202
Retirement contribution - teachers' retirement system	1,915,855						1,915,855
Property loss	54,353						54,353
Liability	54,353						54,353
Employee benefit accrued liability	4,165,015						4,165,015
Capital	4,508,031					58,927	4,566,958
Debt service					\$117,520		117,520
Unspent bond proceeds						797,128	797,128
Scholarships and donations				\$48,507			48,507
Assigned							
Appropriated fund balance	2,079,419						2,079,419
Unappropriated fund balance	495,676		51,447	55,028			602,151
Unassigned	3,427,643					(1,017,427)	2,410,216
TOTAL FUND BALANCES	<u>24,079,863</u>	<u>-</u>	<u>98,800</u>	<u>103,535</u>	<u>117,520</u>	<u>(161,372)</u>	<u>24,238,346</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$31,218,320</u>	<u>\$1,029,497</u>	<u>\$720,092</u>	<u>\$103,535</u>	<u>\$117,520</u>	<u>\$1,295,374</u>	<u>\$34,484,338</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances

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

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

Original cost of capital assets	\$102,533,674
Accumulated depreciation	<u>(41,531,331)</u>

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

Deferred outflows related to total OPEB liability	61,603,085
Deferred outflows related to pensions	<u>22,726,590</u>

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

Deferred inflows related to total OPEB liability	(31,127,865)
Deferred inflows related to pensions	<u>(8,946,937)</u>

Deferred inflows - Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds, but are recognized on the Statement of Net Position.

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest payable

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

Bonds payable	(14,555,000)
Compensated absences payable	(5,499,693)
Termination benefits payable	(536,900)
Workers' compensation claims payable	(568,786)
Total other post-employment benefits obligation	(207,318,934)
Net pension liability - proportionate share - employees' retirement system	(20,918)
Net pension liability - proportionate share - teachers' retirement system	<u>(5,263,199)</u>

Total Net Position

ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	\$47,591,378						\$47,591,378
Other tax items	4,891,761						\$4,891,761
Charges for services	124,189			\$36,145			\$160,334
Use of money and property	22,173		\$169	101	\$1,071		\$23,514
Sale of property and compensation for loss	133,912						\$133,912
Miscellaneous	1,274,389		4,936	6,580			\$1,285,905
State sources	28,215,759	\$529,513	28,613			\$879,014	\$29,652,899
Federal sources	426,744	1,061,433	759,393				\$2,247,570
Surplus food			61,051				\$61,051
Sales - food service			171,067				\$171,067
TOTAL REVENUES	82,680,305	1,590,946	1,025,229	42,826	1,071	879,014	\$86,219,391
EXPENDITURES							
General support	9,347,515						\$9,347,515
Instruction	44,111,045	1,572,597		47,487			\$45,731,129
Pupil transportation	4,721,712	106,488					\$4,828,200
Employee benefits	17,647,875		44,593				\$17,692,468
Debt service principal					1,905,000		\$1,905,000
Debt service interest	69,375				496,381		\$565,756
Food service program			999,221				\$999,221
Capital Outlay						2,742,453	\$2,742,453
TOTAL EXPENDITURES	75,897,522	1,679,085	1,043,814	47,487	2,401,381	2,742,453	\$83,811,742
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,782,783	(88,139)	(18,585)	(4,661)	(2,400,310)	(1,863,439)	\$2,407,649
OTHER FINANCING SOURCES AND (USES)							
Premium on obligations	42,652						\$42,652
Operating transfers in	23,000	88,139	3,469		2,401,381	751,500	\$3,267,489
Operating transfers (out)	(3,244,489)				(23,000)		(\$3,267,489)
TOTAL OTHER FINANCING SOURCES AND (USES)	(3,178,837)	88,139	3,469	0	2,378,381	751,500	\$42,652
NET CHANGE IN FUND BALANCES	3,603,946	-	(15,116)	(4,661)	(21,929)	(1,111,939)	\$2,450,301
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 17)	20,475,917	-	113,916	108,196	139,449	950,567	\$21,788,045
FUND BALANCES - END OF YEAR	\$24,079,863	\$0	\$98,800	\$103,535	\$117,520	(\$161,372)	\$24,238,346

ROCKY POINT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances (all Funds) \$2,450,301

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Change in compensated absences payable	(63,327)	
Change in termination benefits payable	2,200	
Change in claims payable	<u>39,773</u>	(21,354)

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Other post-employment benefits	(16,350,645)	
Teachers' retirement system	(4,005,545)	
Employees' retirement system	<u>486,008</u>	(19,870,182)

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2021 is (522,548)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$2,891,482	
Loss on disposal	(1,005)	
Depreciation expense	<u>(1,839,260)</u>	1,051,217

Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,905,000

Governmental funds report the premiums, discounts and similar items on the refunded debt when the debt is first refunded. These amounts are deferred and amortized in the Statement of Activities. 72,084

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financials resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by: 3,817

Changes in Net Position (\$14,931,665)

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Rocky Point Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

Certain significant accounting principles and policies utilized 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 (the “Board”) consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to, public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s financial statements.

B) Joint venture:

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

The District reports the following major governmental funds:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

School Food Service Fund: This fund is used to account for the activities of the District's food service operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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

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

D) Measurement focus and basis of accounting:

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

E) Real property taxes:

Calendar

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

Enforcement

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

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

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

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items 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, termination benefits, other post-employment benefits, workers compensation claims, potential contingent liabilities, net pension liabilities, and useful lives of capital assets.

I) Cash and cash equivalents:

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

J) Receivables:

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

K) Inventories and prepaid items:

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 are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

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

Non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized in the school food service fund and general fund, respectively, to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$1,000	20-50 years
Improvements other than buildings	\$1,000	20-50 years
Furniture, equipment, and vehicles	\$1,000	5-20 years

M) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources related to pensions and the other post-employment benefits reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12 and 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

Included in the governmental fund financial statements as deferred inflows of resources at June 30, 2021 is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues in the capital projects fund at June 30, 2021 total \$1,017,426.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

N) Collections in advance:

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

O) Vested employee benefits:

Compensated absences

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

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

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

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

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

Termination benefits

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

P) Other benefits:

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

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

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

Q) Short-term debt:

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

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

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

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, compensated absences, net pension liabilities, and other post-employment benefits

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

obligations that will be paid from governmental funds, are reported as a liability in the Funds Financial Statements, only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

S) Equity classifications:

District-Wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

Non-spendable fund balance- Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2021, the non-spendable fund balance includes the prepaid expenditures recorded in the general fund of \$60,000 and inventory recorded in the school food service fund of \$47,353.

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

The District has established the following as restricted:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Property Loss Reserve and Liability Reserve

According to Education Law §1709 (8) (c), must be used to pay for liability claims incurred. Separate funds for liability claims are required, and these reserves 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, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits 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.

Capital Projects

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 and capital projects fund.

Debt Service

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

Unspent Bond Proceeds

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

Scholarships and Donations

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

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

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

Unassigned fund balance includes \$3,427,643 in the general fund, and a deficit of \$1,017,427 in the capital projects fund. The deficit in the capital projects fund is the result of the District not receiving all of the grant funding from the State for the Smart Schools Bond Project.

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

The District's general fund unassigned fund balance was not in excess of the New York State Real Property Tax Law 1318 limit.

Order of Use of Fund Balance:

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

T) New accounting pronouncement:

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84 in 2021. See Note 17 for further consideration.

U) Future accounting pronouncement:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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This is the statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact that this pronouncement may have on its financial statements and will implement as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND

STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

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

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

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

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

Long-term revenue and expense differences:

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

Capital related differences:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term debt differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

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

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

Appropriations are adopted at the program line item level.

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

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

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

B) Encumbrances:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

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

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

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

Restricted cash and cash equivalents

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2021 included \$19,039,151 within the governmental funds for general reserves, capital projects, debt service, and scholarships and donations purposes.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed \$7,354,496 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$1,944,598. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

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

General fund	
CARES Act	\$88,581
Excess cost aid	782,208
Total General fund	<u>870,789</u>
Special aid fund	
Federal grants	530,320
State grants	152,647
Total Special aid fund	<u>682,967</u>
School food service fund	
Federal aid	209,804
State aid	3,346
Total School food service fund	<u>213,150</u>
Capital projects fund	
Smart Schools Bond	<u>1,017,426</u>
Total - All funds	<u><u>\$2,784,332</u></u>

The capital fund Smart Schools Bond receivable includes \$1,017,426 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2021 consisted of amounts due for BOCES aid in the amount of \$1,944,598

District management has deemed these amounts to be fully collectible.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$737,304			\$737,304
Construction in progress	9,673,946	\$2,117,614		11,791,560
Total capital assets not being depreciated	<u>10,411,250</u>	<u>2,117,614</u>	<u>-</u>	<u>12,528,864</u>
Capital assets that are depreciated:				
Buildings and improvements	83,169,632	624,839		83,794,471
Improvements other than buildings	1,219,243			1,219,243
Furniture, equipment, and vehicles	4,883,652	149,029	(41,585)	4,991,096
Total capital assets being depreciated	<u>89,272,527</u>	<u>773,868</u>	<u>(41,585)</u>	<u>90,004,810</u>
Less accumulated depreciation:				
Buildings and improvements	35,360,511	1,630,921		36,991,432
Improvements other than buildings	1,117,079	32,289		1,149,368
Furniture, equipment, and vehicles	3,255,061	176,050	(40,580)	3,390,531
Total accumulated depreciation	<u>39,732,651</u>	<u>1,839,260</u>	<u>(40,580)</u>	<u>41,531,331</u>
Total capital assets being depreciated, net	<u>49,539,876</u>	<u>(1,065,392)</u>	<u>(1,005)</u>	<u>48,473,479</u>
Total capital assets, net	<u>\$59,951,126</u>	<u>\$1,052,222</u>	<u>(\$1,005)</u>	<u>\$61,002,343</u>

Depreciation expense and loss on disposal were charged to the governmental functions as follows:

General support	\$229,224
Instruction	\$1,604,568
Food service program	<u>6,473</u>
Total depreciation expense and loss on disposal	<u>\$1,840,265</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,009,220	\$ 88,730	\$ 23,000	\$ 3,244,489
Special aid fund	88,573	1,026,900	88,139	
School food service fund		582,320	3,469	
Miscellaneous special revenue fund	101			
Debt service fund	56		2,401,381	23,000
Capital projects fund		400,000	751,500	
Total governmental activities	<u>2,097,950</u>	<u>2,097,950</u>	<u>3,267,489</u>	<u>3,267,489</u>

The District typically transfers from the general fund to the special aid fund and debt service fund. The transfer to the special aid fund was for the District’s share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the debt service fund was for the payment of principal and interest on long term outstanding indebtedness.

The transfer from the debt service fund to the general fund was for a budgeted use of the debt service fund to offset debt service expense in the general fund. The District transferred from the general fund to the school food service fund to eliminate negative student account balances, and to subsidize the operating loss. The transfer to the capital projects fund was to provide funding for various capital projects.

NOTE 10 - SHORT-TERM DEBT:

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

	Maturity	Effective Interest Rate	Beginning	Issued	Redeemed	Ending
			Balance			Balance
TAN	6/25/2021	1.500000%	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -
Total			<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>

The tax anticipation note was issued for interim financing of the general fund operations. Interest on short-term debt for the year was \$69,375.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long term debt:					
Bonds payable	\$16,460,000		(\$1,905,000)	\$14,555,000	\$1,525,000
Add: Premium on refunding	72,084		(72,084)	-	
Total Long term debt	<u>16,532,084</u>	-	<u>(1,977,084)</u>	<u>14,555,000</u>	<u>1,525,000</u>
Other liabilities:					
Compensated absences payable	5,436,366	\$192,708	(129,381)	5,499,693	168,621
Termination benefits	539,100	27,800	(30,000)	536,900	
Workers' compensation claims payable	608,559	115,211	(154,984)	568,786	
Other post-employment benefits obligation	202,352,855	8,299,211	(3,333,132)	207,318,934	
Net pension liability - proportionate share					
Employees' retirement system	5,919,962		(5,899,044)	20,918	
Teachers' retirement system		8,385,109	(3,121,910)	5,263,199	
	<u>214,856,842</u>	<u>17,020,039</u>	<u>(12,668,451)</u>	<u>219,208,430</u>	<u>168,621</u>
Total long-term liabilities	<u>\$231,388,926</u>	<u>\$17,020,039</u>	<u>(\$14,645,535)</u>	<u>\$233,763,430</u>	<u>\$1,693,621</u>

The general fund has typically been used to liquidate long-term liabilities such as serial bonds, workers' compensation claims payable, compensated absences payable, termination benefits payable, other post-employment benefits obligation, and net pension liabilities.

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Serial Bonds	6/27/2017	6/15/2032	2.00% - 3.00%	\$7,240,000
Serial Bonds	7/26/2018	6/15/2033	3.00%	5,600,000
Serial Bonds - Refunding	12/12/2019	6/15/2024	5.00%	1,715,000
			Total	<u>\$14,555,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$1,525,000	\$426,031	\$1,951,031
2023	1,575,000	375,281	1,950,281
2024	1,630,000	322,681	1,952,681
2025	1,055,000	267,931	1,322,931
2026	1,080,000	242,581	1,322,581
2027-2031	5,860,000	785,895	6,645,895
2032-2033	1,830,000	71,550	1,901,550
	<u>\$14,555,000</u>	<u>\$2,491,950</u>	<u>\$17,046,950</u>

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

Unissued Debt

On May 17, 2016, the voters approved a bond issue not to exceed \$16,439,513 for district wide capital improvements. As of June 30, 2021, debt in the amount of \$16,215,000 has been issued, leaving \$224,513 in authorized, but unissued, debt.

Unamortized Premiums on Bonds

The District received premiums on the advanced refunding of serial bonds. These premiums are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statement.

B) Interest Expense:

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

Interest paid	\$496,381
Less interest accrued in the prior year	(21,568)
Less amortization of bond premiums	(72,084)
Plus interest accrued in the current year	17,751
Total expense	<u>\$420,480</u>

NOTE 12 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System

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

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 16.2% for Tiers 3 and 4, 13.5% for Tier 5, and 9.7% for Tier 6.

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2021	\$3,121,910	\$1,065,561
2020	\$2,886,583	\$1,003,375
2019	\$3,415,690	\$985,327

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation, with update

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

procedures used to roll forward the total pension liability. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
	June 30, 2020	March 31, 2021
Measurement date		
Net pension liability	\$ 5,263,199	\$ 20,918
District's portion of the Plan's total		
net pension liability	0.190470%	0.0210074%
Change in proportion since prior		
measurement date	-0.002184%	-0.0013490%

For the fiscal year ended June 30, 2021 the District recognized pension expense of \$7,106,850 for TRS and \$579,549 for ERS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 255,464	\$ 4,611,615	\$ -	\$ 269,729
Changes of assumptions	3,846,128	6,656,722	72,539	2,372,773
Net difference between projected and actual earnings on pension plan investments	-	3,437,331	6,008,854	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	294,254	138,089	124,989	98,053
District's contributions subsequent to the measurement date	365,077	3,121,910		
	<u>\$ 4,760,923</u>	<u>\$17,965,667</u>	<u>\$ 6,206,382</u>	<u>\$ 2,740,555</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension 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:

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	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2021		\$ 2,071,038
2022	\$ (276,188)	4,159,605
2023	(81,840)	3,404,852
2024	(295,846)	2,107,129
2025	(1,156,662)	98,235
Thereafter	-	262,343
	<u>\$ (1,810,536)</u>	<u>\$ 12,103,202</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	6/30/202
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	6.80%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3% annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

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

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

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The long term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2021		June 30, 2020	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.05%	33%	7.10%
International equity	15%	6.30%	16%	7.70%
Global equity			4%	7.40%
Private equity	10%	6.75%	8%	10.40%
Real estate	9%	4.95%	11%	6.80%
Opportunistic/Absolute return strategy	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Fixed income	23%	0.00%		
Cash	1%	0.50%		
Domestic fixed income securities			16%	1.80%
Global bonds			2%	1.00%
High-yield bonds			1%	3.90%
Private debt			1%	5.20%
Real estate debt			7%	3.60%
Cash equivalents			1%	0.70%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

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

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term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset (liability)	<u>(\$5,806,001)</u>	<u>(\$20,918)</u>	<u>\$5,314,283</u>

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset (liability)	<u>(\$33,245,814)</u>	<u>(\$5,263,199)</u>	<u>\$18,221,307</u>

Pension Plan Fiduciary Net Position

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

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$365,077.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer’s contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$3,258,188.

NOTE 13 – RETIREMENT PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$189,006 and \$1,931,538, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$175,421.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A) General Information about the OPEB Plan

Plan Description:

The District’s OPEB Plan (the “OPEB Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and a small number of retirees also receive dental insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 85% and 100% of premiums for retirees, between 85% and 100% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District contributed an estimated \$3,333,132 to the Plan, including \$3,333,132 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund the OPEB Plan by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	245
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	423
	668
	668

B) Total OPEB Liability:

The District’s total OPEB liability of \$207,318,934 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	Varied by years of service and retirement system	
Discount rate	2.16%	
Healthcare cost trend rates	Actual premium increases in 2020 and 2021 followed by 5.40% for 2021, decreasing gradually to an ultimate rate of 4.04% by 2075 for medical. Parts B trends increased 2.70% from 2020 to 2021, followed by a projected Part B premium	

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

increase shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (teachers for TRS group and general employees for ERS group) projected fully generationally using MP-2020.

C) Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 202,352,855
Changes for the fiscal year:	
Service cost	9,920,123
Interest	4,654,603
Changes of benefit terms	-
Differences between expected and actual experience	(10,110,642)
Changes in assumptions or other inputs	3,835,127
Benefit payments	(3,333,132)
Net changes	4,966,079
Balance at June 30, 2021	\$ 207,318,934

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes a decrease in the discount rate from 2.21% at the June 30, 2020 measurement date to 2.16% at the June 30, 2021 measurement date.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 252,019,697	\$ 207,318,934	\$ 172,510,621

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1-percentage-point lower or 1-percentage-higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 165,845,889	\$ 207,318,934	\$ 263,149,223

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense (credit) of \$19,683,777. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,299,604	\$ (27,553,380)
Changes of assumptions or other inputs	51,303,481	(3,574,485)
	\$ 61,603,085	\$ (31,127,865)

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

Fiscal Year ended June 30:	
2022	\$ 5,109,051
2023	5,109,051
2024	5,109,051
2025	5,109,051
2026	5,109,051
Thereafter	4,929,965
	\$ 30,475,220

NOTE 15 – RISK MANAGEMENT:

A) General:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Risk Retention:

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

	2021	2020
Unpaid claims, beginning of year	\$608,559	\$970,360
Incurred claims and claim adjustment expenses	115,211	66,876
Claim payments	(154,984)	(428,677)
Unpaid claims, end of year	\$568,786	\$608,559

C) Public Entity Risk Pool:

The District participates in New York Schools Insurance Reciprocal, 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 and the District has essentially transferred all related risk to the pool.

NOTE 16– COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Assigned: Unappropriated Fund Balance:

General Fund:

General support	\$416,655
Instructional	69,961
Pupil transportation	9,060
Total General Fund	\$495,676

Special Aid Fund:

Instructional	\$3,486
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Capital Projects Fund:

Capital projects	\$568,415
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Total	\$1,067,577
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B) Grants:

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

C) Litigation:

The District is not aware of any material pending or threatened litigation claims against the District. The District is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

NOTE 17 – RESTATEMENT OF FUND BALANCES AND NET POSITION (DEFICIT)

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	\$ 20,475,917	\$ -	\$ (88,444,724)
Assets			
Cash and cash equivalents	652,080	59,972	712,052
Cash and cash equivalents- restricted		47,248	47,248
Due from other funds	(562,540)	976	(561,564)
Total Assets	89,540	108,196	197,736
Liabilities			
Other liabilities	45,302		45,302
Student deposits	45,312		45,312
Due to other funds	(1,074)	-	(1,074)
Total Liabilities	89,540	-	89,540
Fund Balance/Net Position (Deficit)			
Restricted		48,224	48,224
Assigned unappropriated fund balance		59,972	59,972
Total Fund Balance	-	108,196	108,196
Net change in Fund Balance/Net Position (Deficit)	-	108,196	108,196
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	\$ 20,475,917	\$ 108,196	\$ (88,336,528)

NOTE 18 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 12, 2021 which is the date the financial statements were available to be issued, and noted the following:

On September 9, 2021, the District issued a tax anticipation note in the amount of \$3,500,000, which is due June 24, 2022, and bears an interest rate of 1.00%, and a premium of \$21,350.

In August 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funding of \$2,461,685 through the Elementary and Secondary School Emergency Education Relief Program (ESSER) and \$305,129 through the Governor’s Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District’s ability to continue to provide educational services. The funds will be recognized as federal sources revenue in the special aid fund as expended.

SUPPLEMENTARY INFORMATION

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$47,591,298	\$47,591,298	\$47,591,378	\$80
Other real property tax items	4,891,761	4,891,761	4,891,761	0
Charges for services	169,000	169,000	124,189	(44,811)
Use of money and property	90,000	90,000	22,173	(67,827)
Sale of property and compensation for loss			133,912	133,912
Miscellaneous	351,000	355,933	1,274,389	918,456
State Sources				
Basic formula	15,696,217	15,696,217	14,749,698	(946,519)
Excess cost aid	6,000,000	6,000,000	6,158,190	158,190
Lottery aid	4,500,000	4,500,000	4,466,695	(33,305)
BOCES aid	1,989,039	1,989,039	1,944,598	(44,441)
Textbook aid	180,000	180,000	174,051	(5,949)
Computer software aid	85,000	85,000	89,740	4,740
Library A/V loan program aid	17,314	17,314	18,393	1,079
Other state aid			614,394	614,394
Federal Sources	75,000	75,000	426,744	351,744
TOTAL REVENUES	81,635,629	81,640,562	82,680,305	1,039,743
Other Financing Sources				
Premiums on obligations			42,652	42,652
Transfers from other funds	23,000	23,000	23,000	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	81,658,629	81,663,562	\$82,745,957	\$1,082,395
Appropriated fund balance	2,577,971	2,577,971		
Prior year's encumbrances	699,406	699,406		
Appropriated reserves	350,000	1,084,077		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE & RESERVES	\$85,286,006	\$86,025,016		

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.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$40,364	\$40,418	\$34,372		\$6,046
Central administration	320,095	326,024	318,403		7,621
Finance	902,863	902,918	833,741		69,177
Staff	576,418	578,672	574,741		3,931
Central services	6,725,651	7,990,783	6,774,644	\$416,655	799,484
Special items	859,981	859,981	811,614		48,367
Total general support	<u>9,425,372</u>	<u>10,698,796</u>	<u>9,347,515</u>	<u>416,655</u>	<u>934,626</u>
Instructional					
Instruction, adm. & imp.	2,465,064	2,558,696	2,436,805		121,891
Teaching - regular school	23,974,035	24,571,814	23,045,991	37,000	1,488,823
Programs for children with handicapping conditions	14,159,060	14,308,297	12,812,245	6,787	1,489,265
Occupational education	1,311,724	1,310,774	1,255,920		54,854
Teaching special schools	907,540	793,221	113,990		679,231
Instructional media	1,096,831	986,721	865,038	5,251	116,432
Pupil services	3,877,567	4,021,902	3,581,056	20,923	419,923
Total instructional	<u>47,791,821</u>	<u>48,551,425</u>	<u>44,111,045</u>	<u>69,961</u>	<u>4,370,419</u>
Pupil transportation	5,447,273	4,918,439	4,721,712	9,060	187,668
Employee benefits	19,576,159	18,385,122	17,647,875		737,247
Debt service interest	112,500	112,500	69,375		43,125
TOTAL EXPENDITURES	82,353,125	82,666,282	75,897,522	495,676	6,273,085
Other Financing Uses					
Transfers to other funds	2,932,881	3,358,734	3,244,489		114,245
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$85,286,006</u>	<u>\$86,025,016</u>	<u>79,142,011</u>	<u>\$495,676</u>	<u>\$6,387,330</u>
Net change in fund balances			3,603,946		
Fund balances - beginning of year			<u>20,475,917</u>		
Fund balances - end of year			<u><u>\$24,079,863</u></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.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30, ***

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$9,920,123	\$7,547,157	\$5,925,172	\$4,242,571
Interest	4,654,603	6,341,887	5,073,753	4,504,219
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(10,110,642)	(24,942,090)	15,449,404	-
Changes of assumptions or other inputs	3,835,127	41,914,385	24,767,935	(6,361,045)
Benefit payments	<u>(3,333,132)</u>	<u>(3,255,671)</u>	<u>(3,266,251)</u>	<u>(2,809,462)</u>
Net change in total OPEB liability	4,966,079	27,605,668	47,950,013	(423,717)
Total OPEB liability - beginning	<u>202,352,855</u>	<u>174,747,187</u>	<u>126,797,174</u>	<u>127,220,891</u>
Total OPEB liability - ending	<u><u>\$207,318,934</u></u>	<u><u>\$202,352,855</u></u>	<u><u>\$174,747,187</u></u>	<u><u>\$126,797,174</u></u>
Covered-employee payroll	\$32,526,760	\$39,962,602	\$36,133,095	\$34,807,204
Total OPEB liability as a percentage of covered-employee payroll	637.38%	506.36%	483.62%	364.28%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.51% as of June 30, 2019.

The discount rate was 3.87% as of June 30, 2018.

The rate of inflation used for the June 30, 2020 valuation was 2.50%

Mortality rates were updated to reflect Pub-2010 Headcount Weighted table (Teachers for Teachers' Retirement System and General Employees for Employees' Retirement System group) projected fully using MP-2020.

Medical trends were updated based on actual rate increases from 2020 to 2021, followed by 5.40% in 2021, decreasing gradually to an ultimate rate of 4.04% by 2075. Part B trends were updated by 2.70% from 2020 to 2021, followed by projected Part B premium increases shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.

*This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY)/ASSET
FOR THE YEARS ENDED JUNE 30,***

NYSTRS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability)/asset	0.190470%	0.192654%	0.191574%	0.191295%	0.190739%	0.192087%	0.192192%	0.184650%
District's proportionate share of the net pension (liability)/asset	\$ (5,263,199)	\$ 5,005,152	\$ 3,464,167	\$ 1,454,033	\$ (2,042,891)	\$ 19,951,689	\$ 21,408,959	\$ 1,215,462
District's covered payroll	\$ 32,579,948	\$ 32,162,806	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547	\$ 27,413,149
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	16.15%	15.56%	11.10%	4.79%	6.85%	68.02%	74.17%	4.43%
Plan fiduciary net position as a percentage of the total pension (liability)/asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
NYSERS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension (liability)/asset	0.0210074%	0.0223559%	0.0220072%	0.0221614%	0.0205259%	0.0209623%	0.0213375%	0.0213375%
District's proportionate share of the net pension (liability)/asset	\$ (20,918)	\$ (5,919,962)	\$ (1,559,277)	\$ (715,248)	\$ (1,928,662)	\$ (3,364,507)	\$ (720,832)	\$ (964,210)
District's covered payroll	\$ 6,934,959	\$ 7,134,821	\$ 7,000,614	\$ 6,754,339	\$ 5,798,809	\$ 6,004,599	\$ 5,967,941	\$ 5,876,902
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	0.30%	82.97%	22.27%	10.59%	33.26%	56.03%	12.08%	16.41%
Plan fiduciary net position as a percentage of the total pension (liability)/asset	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.90%

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSTRS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,121,910	\$ 2,886,583	\$ 3,415,690	\$ 3,058,118	\$ 3,553,573	\$ 3,902,802	\$ 5,058,112	\$ 4,613,327	\$ 3,202,382	\$ 2,968,191
Contributions in relation to the contractually required contribution	<u>3,121,910</u>	<u>2,886,583</u>	<u>3,415,690</u>	<u>3,058,118</u>	<u>3,553,573</u>	<u>3,902,802</u>	<u>5,058,112</u>	<u>4,613,327</u>	<u>3,202,382</u>	<u>2,968,191</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	\$ 32,792,697	\$ 32,579,948	\$ 32,162,806	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547	\$ 27,413,149	\$ 27,067,061
Contributions as a percentage of covered payroll	9.52%	8.86%	10.62%	9.80%	11.70%	13.08%	17.25%	15.98%	11.68%	10.97%
NYSERS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,065,561	\$ 1,003,375	\$ 985,327	\$ 954,307	\$ 891,815	\$ 1,056,812	\$ 1,086,747	\$ 1,103,423	\$ 1,009,429	\$ 778,468
Contributions in relation to the contractually required contribution	<u>1,065,561</u>	<u>1,003,375</u>	<u>985,327</u>	<u>954,307</u>	<u>891,815</u>	<u>1,056,812</u>	<u>1,086,747</u>	<u>1,103,423</u>	<u>1,009,429</u>	<u>778,468</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	\$ 7,013,002	\$ 7,074,357	\$ 6,488,826	\$ 6,393,775	\$ 5,798,809	\$ 6,170,976	\$ 6,060,580	\$ 5,896,138	\$ 5,704,899	\$ 5,621,245
Contributions as a percentage of covered payroll	15.19%	14.18%	15.18%	14.93%	15.38%	17.13%	17.93%	18.71%	17.69%	13.85%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$84,586,600
Add: Prior year's encumbrances	<u>699,406</u>
Original Budget	85,286,006
Budget revisions:	
Use of capital reserves	734,077
Donations	<u>4,933</u>
Final Budget	<u><u>\$86,025,016</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter approved expenditure budget	<u><u>\$85,692,726</u></u>
Maximum allowed (4% of the 2021-2022 budget)	<u><u>\$3,427,709</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$2,575,095
Unassigned fund balance	<u>3,427,643</u>
Total unrestricted fund balance	6,002,738
Less:	
Appropriated fund balance	\$2,079,419
Encumbrances included in assigned fund balance	<u>495,676</u>
Total adjustments	<u>2,575,095</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$3,427,643</u></u>
Actual percentage	4.00%

ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Title	Project #	Expenditures					Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
		Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
FJC Carasiti	06-0019	\$598,582	\$1,940,263	\$1,586,957	\$270,091	\$1,857,048	\$83,215	\$1,940,263		\$1,940,263	\$83,215	
FJC Carasiti	06-0018	499,543	499,543	432,873	28,933	461,806	37,737	499,543		499,543	37,737	
FJC Carasiti	06-0021					488	(488)	488		488	-	
FJC Carasiti	06-0017	110,376	110,376	87,813		87,813	22,563	110,376		110,376	22,563	
JAE	01-0015	158,787	158,797	9,425		9,425	149,372	158,797		158,797	149,372	
JAE	01-0014	3,262,179	3,834,813	3,447,579	311,736	3,759,315	75,498	3,834,813		3,834,813	75,498	
JAE	01-0013	427,753	528,753	498,330		498,330	30,423	528,753		528,753	30,423	
MSHS	05-0031	691,386	680,448	677,553		677,553	2,895	691,386		691,386	13,833	
MSHS	05-0032	2,538,996	4,160,486	3,155,376	650,768	3,806,144	354,342	4,160,486		4,160,486	354,342	
District Wide Phone System	04-9007	5,720	5,720		5,720	5,720	-	5,720		5,720	-	
MSHS	05-0034	3,187,494	3,429,953	3,399,808		3,399,808	30,145	3,429,953		3,429,953	30,145	
MSHS	05-0039		1,856		1,856	1,856	-	1,856		1,856	-	
MSHS	05-4444	44,000	44,000		41,579	41,579	2,421		\$44,000	44,000	2,421	
MSHS	05-5555	350,000	350,000		343,878	343,878	6,122		350,000	350,000	6,122	
FJC Carasiti	06-2222	66,000	66,000		28,332	28,332	37,668		66,000	66,000	37,668	
District Wide	07-3333	55,000	55,000		42,284	42,284	12,716		55,000	55,000	12,716	
MS Alarm Doors VCT	05-0037	3,100	236,500	3,006	160,027	163,033	73,467	163,033		163,033	-	
Smart Schools	SSBA	2,450,155	2,450,155	1,039,680	856,761	1,896,441	553,714		\$879,014	879,014	(1,017,427) *	
TOTAL		<u>\$14,449,071</u>	<u>\$18,552,663</u>	<u>\$14,338,400</u>	<u>\$2,742,453</u>	<u>\$17,080,853</u>	<u>\$1,471,810</u>	<u>\$15,525,467</u>	<u>\$879,014</u>	<u>\$515,000</u>	<u>\$16,919,481</u>	<u>\$(161,372)</u>

* Deficit fund balance will be eliminated when Smart Schools Bond funding is received.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 NET INVESTMENT IN CAPITAL ASSETS
 JUNE 30, 2021**

Capital assets, net		\$61,002,343
Deduct:		
Short-term portion of bonds payable	1,525,000	
Long-term portion of bonds payable	13,030,000	
Less: Unspent bond proceeds	(797,128)	13,757,872
Net investment in capital assets		\$47,244,471

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
Rocky Point Union Free School District

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 Rocky Point Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 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 are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

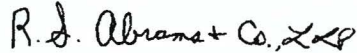
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



R.S. Abrams & Co., LLP
Islandia, NY
October 12, 2021

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

September , 2022

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

Ladies and Gentlemen:

We have acted as Bond Counsel to Rocky Point Union Free School District (the “School District”), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the “Note”), dated and delivered the date hereof.

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

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the 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 Rocky Point Union Free School District, in the County of Suffolk, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of September 20, 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 \$3,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 20, 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 20, 2022**.

ROCKY POINT UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education