

**STATEMENT**  
**OF**  
**ANNUAL FINANCIAL AND OPERATING INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**DATED: DECEMBER 15, 2023**

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

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**BOARD OF EDUCATION**

Donna Marie Elliott, President  
Kristine Rosales, Vice President

Al Centamore  
Donna Gulli-Grunseich  
Anthony Henkel

Jerry Jean-Pierre  
Robert Marino

School District Officials

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

School District Attorney

Frazer & Feldman, LLP  
Garden City, New York

\* \* \*

**MUNICIPAL ADVISOR**



Municipal Finance Advisory Service

12 Roosevelt Avenue  
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**STATEMENT OF ANNUAL FINANCIAL  
AND OPERATING INFORMATION**

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

The material set forth herein, including the cover page, has been prepared by the Deer Park Union Free School District, Suffolk County, New York (the "District", the "County", and the "State", respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertaking and the Official Statements having been prepared in connection with the sale and issuance of the following bond issues.

\$16,915,000 School District Serial Bonds - 2018

**THE DISTRICT**

**Description**

The District, established in 1891, with a land area of approximately 5.8 square miles, is located in the Town of Babylon, Suffolk County, New York, approximately twenty-five miles from the City of New York's easterly boundary. The District is bounded on the west by the community of Wyandanch; on the North by Dix Hills, on the east by Brentwood, and on the south by North Babylon. The community is made up of primarily residential homes, but has considerably more than the average industrial properties in its tax base.

The community population is approximately 24,556 with a student population in the school system of 3,996. Located in the District are four commercial banks, namely, the JPMorgan Chase Bank, Citibank, Capital One Bank and Bank of America. In addition, the community is served by Roosevelt Savings Bank.

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

**District Organization**

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. There is a one-year residency requirement for Board members and no member may hold any other elective office while serving on the Board of Education. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, Assistant Superintendent for Pupil Personnel, the District Clerk, District Treasurer and the Assistant Superintendent for Business and Operations.

**Enrollment History**

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

School Year	School Enrollment
2018-2019	4,136
2019-2020	4,039
2020-2021	4,030
2021-2022	4,094
2022-2023	3,866

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>
2023-2024	4,073
2024-2025	3,889

Source: District Officials.

### District Facilities

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

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

### Employees

The District provides services through approximately 756 employees who are represented by the following units of organized labor, plus non-union employees not represented.

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Deer Park Teachers Association	06/30/2027	392
Deer Park Unit of Suffolk Educ. (CSEA)	06/30/2026	208
Deer Park Administrators Association	06/30/2026	24
Deer Park Teaching Assistants & Non-Instructional Teacher Aides	06/30/2028	115

Source: District Officials.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population Trends

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

Year	District	Town of Babylon	Suffolk County
1990	-	202,940	1,321,864
2000	-	211,792	1,419,369
2010	26,329	213,603	1,493,350
2020	23,606	211,021	1,481,364
2021	24,556	218,303	1,526,344

Source: U.S. Bureau of the Census.

### Income Data

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

	Per Capita Income				
	1990	2000	2010	2020	2021 <sup>a</sup>
District	-	-	\$29,431	\$39,712	\$43,385
Town of Babylon	16,726	22,844	30,219	38,994	45,228
County of Suffolk	18,481	26,577	35,411	46,466	51,222
State of New York	16,501	23,389	30,791	40,898	43,078

	Median Household Income				
	1990	2000	2010	2020	2021 <sup>a</sup>
District	-	-	\$77,457	\$104,056	\$112,757
Town of Babylon	47,074	60,064	79,545	100,580	110,830
County of Suffolk	49,128	65,288	84,506	105,362	113,683
State of New York	32,965	43,393	55,603	71,117	74,314

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimate (2017-2021)

**Selected Listing of Larger Employers in Town of Babylon<sup>a</sup>**  
(As of 2023)

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

Source: Town of Babylon.

a. Not necessarily representative of the District.

**Unemployment Rate Statistics**

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

Annual Averages:	Town of Babylon (%)	Suffolk County (%)	New York State (%)
2018	4.1	3.9	4.1
2019	3.9	3.7	4.0
2020	9.8	8.5	10.0
2021	5.2	4.5	6.9
2022	3.4	3.1	4.4
2023 (10 Month Average) <sup>a</sup>	3.4	3.1	4.2

Source: Department of Labor, State of New York

**INDEBTEDNESS OF THE DISTRICT**

**Computation of Debt Limit and Debt Contracting Margin  
(As of December 15, 2023)**

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Babylon (2022-2023) <sup>a</sup>	\$31,178,259	0.78%	\$3,997,212,692
Debt Limit - 10% of Average Full Valuation			\$399,721,269
Inclusions: <sup>b</sup>			
Outstanding Bonds			\$12,065,000
Bond Anticipation Notes			0
Total Indebtedness			12,065,000
Exclusions (Estimated Building Aid) <sup>c</sup>			7,564,755
Total Net Indebtedness			4,500,245
Net Debt Contracting Margin			\$395,221,024
Per Cent of Debt Contracting Margin Exhausted			1.14%

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

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**Details of Short-Term Indebtedness Outstanding**

As of the date of the this Statement, District has Tax Anticipation Notes outstanding in the amount of \$20,500,000, which mature on June 25, 2024. Such amount is expected to be paid in full with the receipt of the District’s tax levy.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$16,915,000	\$16,015,000	\$15,115,000	\$14,165,000	\$13,115,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b><u>\$16,915,000</u></b>	<b><u>\$16,015,000</u></b>	<b><u>\$15,115,000</u></b>	<b><u>\$14,165,000</u></b>	<b><u>\$13,115,000</u></b>

Source: Audited Financial Statements of the District.

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

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,050,000	\$377,700	\$1,427,700
2025	1,075,000	345,825	1,420,825
2026	1,125,000	312,825	1,437,825
2027	1,150,000	278,700	1,428,700
2028	1,165,000	243,975	1,408,975
2029	1,225,000	208,125	1,433,125
2030	1,225,000	171,375	1,396,375
2031	1,255,000	134,175	1,389,175
2032	1,265,000	96,375	1,361,375
2033	1,290,000	58,050	1,348,050
2034	1,290,000	19,350	1,309,350
	<b><u>\$13,115,000</u></b>	<b><u>\$2,246,475</u></b>	<b><u>\$15,361,475</u></b>

a. Does not include payments made to date.



**Debt Service Requirements – Installment Purchase Debt<sup>a</sup>**

Fiscal Year Ending June 30:	Principal	Interest	Total
2024	\$1,010,819	\$95,095	\$1,105,914
2025	855,523	64,034	919,557
2026-2030	1,335,885	43,451	1,379,336
	<u>\$3,202,227</u>	<u>\$202,580</u>	<u>\$3,404,807</u>

a. Does not include payments made to date.

**Debt Service Requirements – Energy Performance Contract<sup>a</sup>**

Fiscal Year Ending June 30:	Principal	Interest	Total
2024	\$367,699	\$256,786	624,485
2025	381,624	242,861	624,485
2026	396,076	228,409	624,485
2027	411,076	213,409	624,485
2028	426,645	197,840	624,485
2029	442,804	181,681	624,485
2030	459,573	164,912	624,485
2031	476,978	147,507	624,485
2032	495,042	129,443	624,485
2033	513,790	110,695	624,485
2034	533,248	91,237	624,485
2035	553,444	71,041	624,485
2036	574,403	50,082	624,485
2037	596,157	28,328	624,485
2038	306,493	5,749	312,242
	<u>\$6,935,052</u>	<u>\$2,119,980</u>	<u>9,055,032</u>

a. Does not include payments made to date.

### Tax Anticipation Notes

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

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

Fiscal Year <u>Ending June 30:</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>
2019	\$20,000,000	08/09/2018	06/25/2019
2020	20,000,000	08/08/2019	06/25/2020
2021	20,500,000	08/18/2020	06/25/2021
2022	21,000,000	09/01/2021	06/24/2022
2023	20,500,000	08/25/2022	06/28/2023
2024	20,500,000	08/17/2023	06/25/2024

### Authorized and Unissued Debt

The District has no authorized but unissued debt outstanding.

### Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	04/30/2023	0.99	\$14,061,193	\$11,799,021
Town of Babylon	12/31/2021	12.49	<u>21,129,958</u>	<u>21,129,958</u>
Totals:			<u>\$35,191,151</u>	<u>\$32,928,979</u>

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

### Debt Ratios (As of December 15, 2023)

	<u>Amount</u>	<u>Per Capita<sup>a</sup></u>	<u>Percentage of Full Value (%)<sup>b</sup></u>
Total Direct Debt	\$12,065,000	\$491	0.302
Net Direct Debt	4,500,245	183	0.113
Total Direct & Applicable Total Overlapping Debt	47,256,151	1,924	1.182
Net Direct & Applicable Net Overlapping Debt	37,429,224	1,524	0.936

a. The current population of the District is 24,556.

b. The full valuation of taxable real property in the District for 2022-23 is \$3,997,212,692.

## **FINANCES OF THE DISTRICT**

### **Impact of COVID-19**

On March 11, 2021, President Biden signed into law the American Rescue Act of 2021 (“ARPA”). Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, September 30, 2026.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small business, households, and hard-hit industries, and economic recovery and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

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 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).

### **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, 2023. 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) 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 transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

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

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

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Source: Audited Financials of the District.

### **Budget Process**

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

On May 16, 2023, a majority of the voters of the District approved the District's budget for the 2023-2024 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2022-2023 and 2023-2024 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 2018 through 2023, and the amount budgeted for 2024.

Fiscal Year Ending <u>June 30:</u>	General Fund <u>Total Revenue</u>	<u>State Aid</u>	State Aid to <u>Revenues (%)</u>
2018	105,968,765	27,603,630	26.05
2019	108,792,603	29,342,881	26.97
2020	117,748,820	30,134,516	25.59
2021	113,654,179	29,502,728	25.96
2022	118,468,406	33,308,494	28.12
2023	127,696,588	39,048,775	30.58
2024 (Budgeted) <sup>a</sup>	138,857,904	47,982,157	34.55

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 2023-24 Enacted Budget provides \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.0% and includes \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2023-24 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula.

The State’s 2023-24 Enacted Budget also increases the State’s annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The Budget also includes a total of \$20 million in grant funding to support the establishment of new early college high school programs.

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 2023-24 Executive Budget was adopted on May 2, 2023. 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 is now complete. (See also “School district fiscal year (2023-2024)” 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 substantial increases established in more recent years.

*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 provided \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represented 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 programed \$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, 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 2022-23 Enacted Budget allocated \$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 increased federal funds by \$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.

*School district fiscal year (2023-2024):* For the 2023-2024 school year, the Enacted Budget provides \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.00% and include \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2022-23 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation aid formula. The Executive Budget also increases the State's annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The budget also includes a total of \$20 million in grant funding to support the establishment of new early college high school programs.

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

## **Expenditures**

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

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

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

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

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local school district officials manage school district resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local school district statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released June 8, 2022. The purpose of such audit was to determine whether the District used District resources to provide the mental health component of the New York Safe Schools Against Violence in Education ACT ("Save ACT") training requirement to staff. The complete report, together with the District's response, may be found on the OSC's official website.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## **Employee Pension System**

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



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

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

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

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

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

The following chart represents the ERS and TRS required contributions for each of the completed fiscal years below and the budgeted amounts for the 2024 current year:

Fiscal Year Ending <u>June 30:</u>	<u>TRS</u>	<u>ERS</u>
2018	\$4,902,595	\$1,433,075
2019	4,828,630	1,409,376
2020	5,284,085	1,501,715
2021	4,455,128	1,607,965
2022	4,782,449	1,808,012
2023	5,131,178	1,338,093
2024 (Budgeted)	6,001,095	2,095,992

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, 2023 is as follows:

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending June 30, 2023:</u>
Balance as of June 30, 2022	\$161,608,212
Changes for the year:	
Service Cost	5,447,280
Interest	5,824,200
Differences Between Expected & Actual Experience	0
Change in Assumptions or Other Inputs	8,472,989
Benefit Payments	<u>(5,104,506)</u>
Total Changes	<u>\$14,639,963</u>
 Total OPEB liability as of June 30, 2023	 <u><u>\$176,248,175</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 Southold. 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 2018 through 2023, and the amounts budgeted for 2024.

Fiscal Year Ending <u>June 30:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2018	105,968,765	60,360,525	56.96
2019	108,792,603	62,451,401	57.40
2020	117,748,820	65,393,976	55.54
2021	113,654,179	67,519,344	59.41
2022	118,468,406	68,981,234	58.23
2023	127,696,588	70,774,834	55.42
2024 (Budgeted) <sup>a</sup>	138,857,904	78,089,210	56.24

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

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

**Tax Collection Procedure**

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

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

## **The Tax Levy Limit Law**

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

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

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

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

### **STAR - School Tax Exemption**

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

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

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

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately 6.58% of the District’s 2022-2023 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 7.0% of the District’s 2023-2024 school tax levy is expected to be exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State in January 2024. (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 2019 through 2023.

<u>Fiscal Year Ending June 30:</u>	<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>
2019	\$33,831,685	1.07	\$3,161,839,720	210.16	\$62,451,401
2020	33,822,390	0.97	3,486,844,330	215.77	65,393,976
2021	33,921,914	0.91	3,727,682,857	219.46	67,519,344
2022	30,992,377	0.87	3,562,342,184	222.41	68,981,234
2023	31,178,259	0.78	3,997,212,692	232.57	76,788,064

Source: Tax Rate Sheets for the Town of Brookhaven.

**Selected Listing of Large Taxable Properties in the District  
2022-2023 Assessment Roll**

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

Source: Town Assessment Roll

a. Represents 10.3% of the Assessed Valuation of the District for 2022-2023.

## LITIGATION

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

In addition to the M.D. matter, the District is also defending the matter of *J.N. v. Deer Park Union Free School District et al.*, filed on June 3, 2021, in New York State Supreme Court, County of Suffolk, Index No. 610540/2021. The Plaintiff alleges that from 1999 to 2002, he was sexually abused both on and off school grounds by a foreign languages teacher. The District is currently evaluating this case as a potential settlement. Plaintiff's allegations are credible, and he has provided one witness already who said she knew that some kind of relationship existed between the Plaintiff and the alleged abuser. The Plaintiff has offered additional witnesses who have not yet been interviewed. It seems that the Plaintiff will likely be able to establish that there was some sexual contact between the Plaintiff and the alleged abuser at her deposition. The District will continue to interview Plaintiff's fact witnesses and move forward with the depositions of all parties and reevaluate its defense posture if necessary.

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

## 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.

## RATING

Moody's Investors Service Inc. has assigned a rating of "Aa3" 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

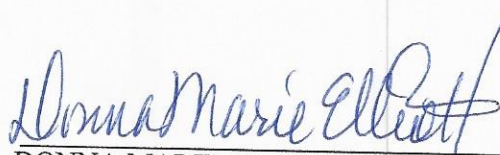
Munistat Services, Inc., Port Jefferson Station, New York has assisted the District as municipal advisor in certain matters with respect to the preparation of this Statement.

## ADDITIONAL INFORMATION

Additional information may be obtained from the office of Marguerite Jimenez, Assistant Superintendent for Business and Operations, Deer Park Union Free School District, 1881 Deer Park Avenue, Deer Park, NY 11729 telephone number (631) 274-4001, Fax (631) 274-4033, e-mail: jimenez.m@deerparkschools.org or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: [www.munistat.com](http://www.munistat.com).

Statements in the 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.

This Statement is submitted only in connection with the District's "Continuing Disclosure Undertaking" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.



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

December 15, 2023

**APPENDIX A**

**FINANCIAL INFORMATION**



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

	Fiscal Year Ending June 30:	
	2022	2023
<b>Assets:</b>		
Cash - Unrestricted	\$ 11,210,446	\$ 11,950,130
Cash - Restricted	15,024,822	17,844,033
State & Federal Aid Receivable	896,180	1,305,237
Due From Other Funds	6,216,627	6,913,172
Due From Other Governments	1,435,852	1,668,954
Due From Fiduciary Funds	269,560	336,437
Total Assets	\$ 35,053,487	40,017,963
<b>Liabilities:</b>		
Accounts Payable	142,815	394,160
Accrued Liabilities	287,165	731,896
Due to Other Funds	3,475,360	3,992,607
Due to Teachers' Retirement System	5,483,888	5,915,307
Due to Employees' Retirement System	394,512	394,512
Compensated Absences	350,823	64,344
Total Liabilities	10,134,563	11,492,826
<b>Fund Equity:</b>		
Restricted	\$ 15,024,822	17,844,033
Assigned	4,791,693	5,126,787
Unassigned	5,102,409	5,554,317
Total Fund Equity	24,918,924	28,525,137
Total Liabilities and Fund Equity	\$ 35,053,487	40,017,963

Source: Audited Annual Financial Report of the District (2022-2023)

Note: This Schedule is NOT audited.

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

Fiscal Year Ending June 30:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 62,451,401	\$ 65,393,976	\$ 67,519,344	\$ 68,981,234	\$ 70,774,834
Other Tax Items	13,248,817	12,764,799	12,549,422	12,042,427	12,537,065
Charges for Services	566,019	920,370	707,770	515,198	637,287
Use of Money and Property	282,537	215,660	273,118	356,147	853,823
Sale of Property & Compensation for Loss	5,982	5,314,043	56,281	76,314	92,569
State Sources	29,342,881	30,134,516	29,502,728	33,308,494	39,048,775
Federal Sources	110,244	59,402	113,560	184,643	509,840
Miscellaneous	2,784,722	2,946,054	2,931,956	3,003,949	3,242,395
<b>Total Revenues</b>	<u>108,792,603</u>	<u>117,748,820</u>	<u>113,654,179</u>	<u>118,468,406</u>	<u>127,696,588</u>
<b>Expenditures:</b>					
General Support	10,217,842	10,486,061	10,860,751	11,362,455	12,168,282
Instruction	61,839,784	63,343,093	63,422,457	66,145,418	69,100,238
Pupil Transportation	4,917,015	4,868,216	4,699,206	5,579,482	6,070,615
Employee Benefits	29,183,196	28,321,184	28,707,722	30,961,512	32,807,059
Debt Service	1,604,575	3,085,734	2,801,183	2,846,862	3,823,718
<b>Total Expenditures</b>	<u>107,762,412</u>	<u>110,104,288</u>	<u>110,491,319</u>	<u>116,895,729</u>	<u>123,969,912</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>1,030,191</u>	<u>7,644,532</u>	<u>3,162,860</u>	<u>1,572,677</u>	<u>3,726,676</u>
<b>Other Financing Sources (Uses)</b>					
Premiums on Tax Anticipation Note Issuance	157,920		259,950	234,150	269,518
Proceeds of Subscription-based IT arrangements					13,633
Proceeds of Lease Issuance				358,820	596,386
Interfund Transfers In		118,304			
Interfund Transfers Out	(1,002,951)	(707,762)	(700,000)	(700,000)	(1,000,000)
<b>Total Other Financing Sources</b>	<u>(845,031)</u>	<u>(589,458)</u>	<u>(440,050)</u>	<u>(107,030)</u>	<u>(120,463)</u>
<b>Net Change In Fund Equity</b>	<u>185,160</u>	<u>7,055,074</u>	<u>2,722,810</u>	<u>1,465,647</u>	<u>3,606,213</u>
<b>Fund Balance Beginning of Fiscal Year</b>	<u>13,490,233</u>	<u>13,675,393</u>	<u>20,730,467</u>	<u>23,453,277</u>	<u>24,918,924</u>
<b>Fund Balance End of Fiscal Year</b>	<u>\$ 13,675,393</u>	<u>\$ 20,730,467</u>	<u>\$ 23,453,277</u>	<u>\$ 24,918,924</u>	<u>\$ 28,525,137</u>

Sources: Audited Annual Financial Reports of the District (2019-2023)

Note: This Schedule is NOT audited.

## Budget Summaries

	Fiscal Year Ending June 30:	
	2022-23 <sup>a</sup>	2023-24 <sup>b</sup>
Revenues:		
Real Property Taxes	\$ 76,788,064	\$ 78,089,210
Payments In Lieu of Taxes	5,409,204	5,886,502
Local Revenues	4,259,738	4,650,035
State Aid	38,891,948	47,982,157
Use of Reserves	111,284	800,000
Appropriation of Fund Balance from Prior Year	2,100,000	1,450,000
Total Revenues	\$ 127,560,238	\$ 138,857,904
Expenditures:		
General Support	\$ 12,055,505	\$ 13,214,083
Instruction	69,565,508	74,576,842
Pupil Transportation	5,693,486	6,791,786
Interfund Transfers	1,100,000	1,450,000
Employee Benefits	35,244,626	38,646,212
Debt Service	3,901,113	4,178,981
Total Expenditures	\$ 127,560,238	\$ 138,857,904

(a) Approved by the voters of the District on 5/17/22.

(b) Approved by the voters of the District on 5/16/23.

**DEER PARK UNION FREE SCHOOL DISTRICT**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**[▶ Click Here For 2023 Audit](#)**

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 STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORTS IN THIS STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.