

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances 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 the securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2019

**NEW ISSUE
SERIAL BONDS**

RATING: See "RATING" herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, (i) interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
ROCKLAND COUNTY, NEW YORK**

\$3,335,000

**SCHOOL DISTRICT SERIAL BONDS – 2019
(FEDERALLY TAXABLE)
(the "Bonds")**

Date of Issue: Date of Delivery

Maturity Dates: May 15, 2020 - 2039

The Bonds are general obligations of the Pearl River Union Free School District, in Rockland 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 Bonds and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount. (See "Nature of the Obligation," herein.)

At the option of the purchaser, the Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder as a statutory installment bond (SIB) (ii) registered certificated form with one bond for each maturity or (iii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

If the Bonds are issued as SIBs they will be registered in the name of the successful bidder, with a single bond certificate issued for the Bonds.

Principal of and interest on such certificated Bonds will be payable in Federal Funds by the District to the registered owner.

If the Bonds will be issued in registered book-entry only form, they will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for such Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "Book-Entry-Only System" herein.

The Bonds will be dated their Date of Delivery and will bear interest from such date payable on November 15, 2019 and semiannually thereafter on May 15 and November 15 in each year until maturity. The Bonds will mature on May 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).

The Bonds are offered when, as and if issued and received by the purchaser and subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made on or about May 23, 2019 in New York, New York, or such place agreed to by the purchaser and the District.

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

DATED: May ____, 2019

The Bonds mature on May 15 in each year as set forth below:

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2020	\$ 115,000			704811
2021	120,000			704811
2022	125,000			704811
2023	130,000			704811
2024	135,000			704811
2025	140,000			704811
2026	145,000			704811
2027 ⁽¹⁾	150,000			704811
2028 ⁽¹⁾	155,000			704811
2029 ⁽¹⁾	160,000			704811
2030 ⁽¹⁾	165,000			704811
2031 ⁽¹⁾	170,000			704811
2032 ⁽¹⁾	180,000			704811
2033 ⁽¹⁾	185,000			704811
2034 ⁽¹⁾	190,000			704811
2035 ⁽¹⁾	200,000			704811
2036 ⁽¹⁾	205,000			704811
2037 ⁽¹⁾	215,000			704811
2038 ⁽¹⁾	220,000			704811
2039 ⁽¹⁾	230,000			704811

(1) The Bonds maturing in the years 2027 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "Optional Redemption" herein.

*The principal maturities of the Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Private Competitive Bond Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
ROCKLAND COUNTY, NEW YORK**

BOARD OF EDUCATION

Thomas DePrisco.....President
Robert V. Davis Vice President
Bruce E. Bond..... Board Member
Jackie Dubil Craig..... Board Member
Christine Reddy Board Member

DISTRICT OFFICIALS

Marco Pochintesta..... Superintendent of Schools
Ann Marie TromerAssistant Superintendent for Business
Mary FlanaganDistrict Clerk

INDEPENDENT AUDITORS

R.S. Abrams & Co., LLP
Islandia, New York

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(845) 227-8678

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No person has been authorized by the Pearl River Union Free School District to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates 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 changes in the affairs of the Pearl River Union Free School District since the date hereof.

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OFFICIAL STATEMENT

PEARL RIVER UNION FREE SCHOOL DISTRICT ROCKLAND COUNTY, NEW YORK

relating to

\$3,335,000

SCHOOL DISTRICT SERIAL BONDS - 2019 (the “Bonds”)

This Official Statement, which includes the cover page and the appendices hereto, presents certain information relating to the Pearl River Union Free School District, in the Rockland County, in the State of New York (the “District,” “County” and “State,” respectively). It has been prepared by the District in connection with the sale of \$3,335,000 School District Serial Bonds - 2019 (Federally Taxable) (the “Bonds”).

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State as well as the 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 as well as the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of such obligations and such proceedings.

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. All references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds will be dated their Date of Delivery and will bear interest from such date payable November 15, 2019 and semiannually thereafter on November 15 and May 15 in each year until maturity. The Bonds will mature on May 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to the maturity (see “*Optional Redemption*” herein).

At the option of the purchaser, the Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder as a statutory installment bond (SIB) (ii) registered certificated form with one bond for each maturity or (iii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

If the Bonds are issued as SIBs they will be registered in the name of the successful bidder, with a single bond certificate issued for the Bonds.

Principal of and interest on such certificated Bonds will be payable in Federal Funds by the District to the registered owner.

If the Bonds will be issued in fully registered form they will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds.

Principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

The record date for payment of principal of and interest on the Bonds will be the last business day of the calendar month preceding each interest payment date.

Authorization for and Purpose of the Bonds

Authorization. The Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on November 29, 2010, totaling \$4,900,000 authorizing the acquisition of land, together with buildings and improvements thereon, at an estimated cost of \$4,500,000, and improvements to the Pearl River high school building at an estimated cost of \$400,000. The Notes were originally issued on May 30, 2014.

Purpose. The proceeds of the Bonds, and \$65,000 of funds on hand, will be used to redeem \$3,400,000 Bond Anticipation Notes for Various Purposes - 2018 maturing on May 24, 2019.

Optional Redemption

Call Provisions. The Bonds maturing on or before May 15, 2026 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after May 15, 2027 will be subject to redemption prior to maturity, at the option of the District, on any date on or after May 15, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the District. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date of redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call of redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “*Book-Entry-Only System*” for additional information concerning redemptions).

Nature of the Obligation

The Bonds, when duly issued and paid for, will constitute a contract between the District and the holder thereof.

The Bonds 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 the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

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 Bonds, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. Chapter 97 of the Laws of 2011, as amended, (the “*The Tax Levy Limit Law*”), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. The amount of such year-to-year increase is 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. As the Bonds are being issued to finance voter approved capital expenditures, the Bonds qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency

notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*The Tax Levy Limit Law*” herein.)

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the District default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds 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 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 Bonds 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 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 Bonds, the owners of such Bonds 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 Bonds 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 Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. 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 Bonds 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 Bondholders, 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 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 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.

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. See also, “*Compliance History*” under the section entitled “*Disclosure Undertaking*” herein.

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 Bonds.

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.

SECTION 99-B OF THE STATE FINANCE LAW

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.

BOOK-ENTRY-ONLY SYSTEM

If issued as book-entry only Bonds, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Money Market Instruments (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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Principal and interest payments on the Bonds 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond certificates will be printed and delivered as applicable.

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

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

MARKET FACTORS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds, 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 Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds 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 the Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bonds 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 Bonds. 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 Bonds, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The District’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “*State Aid*” 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 Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (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 Bonds. (See “*The Tax Levy Limit Law*” 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 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.

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 (“OSC”) has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district 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 district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State

Comptroller. 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 the State Comptroller designates the District as “No Designation.”

See the State Comptroller’s official website for more information on FSMS. Reference to such website implies no warranty of accuracy of information therein.

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The most recent audit conducted by OSC was released on March 25, 2016. The purpose of such audit was to review internal controls over the District’s procurement process for the period July 1, 2014 through November 13, 2015. The complete report and the District’s response can be obtained from OSC’s website.

LITIGATION

In common with other school districts, the District from time to time receives various notices of claim and is party to litigation. In the opinion of legal counsel to the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers have claimed that real property assessments, as presently determined, are excessive. Such claims seek to have the property assessment reduced and, generally, request a refund for a portion of the taxes previously paid. Tax certiorari claims are administered by the Town, however, the District must pay the portion of any tax refund applicable to school taxes. The District does maintain a reserve for tax certiorari settlements, and at June 30, 2018 the balance of the reserve was \$1,779,564. The District is authorized, pursuant to the Local Finance Law, to finance judicially mandated tax refunds by issuing debt.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, interest on the Bonds (i) is included in gross income for federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York State or any political subdivision thereof (including The City of New York).

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Bonds by original purchasers of the Bonds who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Bonds as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Bonds in the secondary

market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Each prospective purchaser of Bonds should consult with its own tax advisors concerning the United States Federal income tax and other tax consequences with respect to the acquisition, ownership and disposition of the Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined *de minimis* amount, a holder of a Bond having a maturity of more than one year from its date of issue must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”, provided by such Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Bond using the constant-yield method, subject to certain modifications.

Acquisition Discount on Bonds

Each holder of a Bond is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Bond at maturity over the holder’s tax basis therefor.

A holder of a Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder’s regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond 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 highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Bond.

The District may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under state law and could affect the market price or marketability of the Bonds.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the final approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). In order to assist the purchasers 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") with respect to the Bonds, the District will execute a Undertaking to Provide Continuing Disclosure for the benefit of holders of and owners of beneficial interests in the Bonds, the form of which is attached hereto as Appendix E hereto.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the District in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

RATING

The District has applied to Moody’s Investor Service (Moody’s) for a rating of the Bonds. Such application is pending at this time.

The District’s outstanding uninsured bonds are assigned a rating of “Aa2” by Moody’s.

Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating should be obtained from Moody’s at the following address: Moody’s Investors Service, 7 World Trade Center at Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Ann Marie Tromer, Assistant Superintendent for Business, 135 West Crooked Hill Road, Pearl River, New York 10965, (845) 620-3999, e-mail: tromera@pearlriver.org or from the District’s Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82, Suite 310, Hopewell Junction, New York 12533, (845) 227-8678.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors, LLC 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 Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC 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. Capital Markets Advisors, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Bonds by the District and may not be reproduced or used in whole or in part for any other purpose.

PEARL RIVER UNION FREE SCHOOL DISTRICT
ROCKLAND COUNTY, NEW YORK

By: _____
Thomas DePrisco
President of the Board of Education and
Chief Fiscal Officer

DATED: May ____, 2019

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APPENDIX A

THE DISTRICT

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THE DISTRICT

General Information

The District encompasses approximately 14 square miles in Rockland County and is located about 21 miles north of New York City. The District lies wholly within the Town of Orangetown and is primarily suburban-residential in character; however, there is extensive commercial and industrial development along Orangeburg Road.

Rail transportation is provided by the New Jersey Transit System (passenger service) and the West Shore Division of Conrail (freight service). Highways serving the District include the Palisades Interstate Parkway, Route 9W, New York State Route 59 and various County and Town roads. The New York State Thruway and the Garden State Parkway are located to the north and west, respectively, with accessible interchanges.

Electricity and natural gas are provided throughout the District by Orange and Rockland Utilities. Water services are provided by United Water Resources. The Town of Orangetown provides sanitary sewer services and police protection to District residents. Fire protection is provided by the Pearl River Fire District.

District Organization

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

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

During the first fifteen days of July of each year, the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President, as well as to appoint a District Clerk and District Treasurer.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the following: Superintendent of Schools, Assistant Superintendent, District Treasurer and District Clerk.

Financial Organization

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

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

Budgetary Procedure

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 Chapter 97 of the Laws of 2011, 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 “Tax Levy Limitation Law,” herein for a further discussion regarding the budget vote, revote, contingency budget and the tax cap. The District has never exceeded the tax cap.

The Budget for the 2018-19 fiscal year was approved by a majority of the voters of the District on May 15, 2018. See Appendix B for a summary of the 2018-19 budget.

School Enrollment Trends

School enrollment history and projections are outlined below.

<u>Fiscal Year Ended June 30:</u>	<u>Enrollment History</u>	<u>Fiscal Year Ended June 30:</u>	<u>Enrollment Projections</u>
2015	2,555	2020	2,471
2016	2,524	2021	2,450
2017	2,522	2022	2,450
2018	2,544		
2019	2,487		

Source: District records.

District Facilities

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

<u>Name</u>	<u>Capacity</u>	<u>Years Built/ Reconstructed</u>	<u>Grades</u>
Evans Park Elementary School	486	1954, 1958, 1971, 2005	K-4
Lincoln Avenue Elementary School	432	1953, 1971	K-4
Franklin Avenue Elementary School	405	1966, 2000, 2006	K-4
Pearl River Middle School	1,026	1966, 2000	5-7
Pearl River High School	1,488	1962, 1972, 2001, 2006	8-12
Nauraushaun School	N/A	1933, 1958, 1992	Leased
William Street School	N/A	1950	Leased

Employees

The collective bargaining agents representing the various employee groups and the dates of expiration of their bargaining agreements are as follows:

<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
Pearl River Teachers' Association	214	June 30, 2020
Pearl River Schools Related Professional Assoc.	66	June 30, 2020
Pearl River Teaching Assistants Association	38	June 30, 2021
CSEA	37	June 30, 2019
Pearl River Administrators	11	June 30, 2021
Pearl River Nurses Association	7	June 30, 2019

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). 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% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and TRS employees will contribute 3.5% of their salaries. There is no provision for these 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 VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 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.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. The reform legislation also required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would otherwise make a lower contribution possible.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions in the immediate future.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below.

The TRS SCO deferral plan is available to school districts for a total of seven years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not and does not reasonably expect to participate in the ERS or TRS SCO program.

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

ERS. The District’s contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year. The amounts contributed to ERS and TRS for the last five fiscal and as budgeted for the most recent fiscal year are as follows:

Fiscal Year Ended June 30:	ERS	TRS
2014	1,026,403	3,792,202
2015	974,320	4,321,996
2016	717,909	3,412,284
2017	746,828	3,152,914
2018	789,482	2,707,326
2019 (Budget)	858,159	2,676,351

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.

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. GASB Statement 75 requires the net OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past period of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position (if any).

The District’s net position has been restated as follows:

Balance at June 30, 2017, as previously reported	\$8,172,653
<u>GASB Statement 75 Implementation</u>	
Cumulative Effect of Change in Accounting Principal	(65,911,783)
Net Position – Beginning as restated	<u>(57,738,830)</u>
Net Position Ending	<u><u>\$(62,469,714)</u></u>

Total OPEB liability at June 30, 2018 is as follows:

Total OPEB Liability – Beginning of Year	\$105,061,688
Service Cost	4,355,027
Interest	3,243,854
Difference between expected and actual experience	(66,300)
Benefit Payments	<u>(2,595,718)</u>
	4,936,863
Total OPEB Liability – End of Year	<u><u>\$109,998,551</u></u>

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Director of Operations who was required to establish written operating procedures consistent with the District's investment policy guidelines. According to the investment policy of the District, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated three banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities,” “eligible surety bonds” or “eligible letter of credit” as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The District's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The

custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2018 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. See “*The Tax Levy Limit Law*” herein.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years, and real property tax revenues budgeted for the most recent fiscal year.

Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Real Property Taxes</u> ⁽²⁾	<u>Real Property Taxes to Revenues</u>
2014	\$62,017,910	\$46,031,643	74.2%
2015	62,807,372	46,308,721	73.7
2016	63,838,654	47,073,753	73.7
2017	64,593,232	47,458,875	73.5
2018	66,164,778	48,557,121	73.4
2019 (Budget)	68,078,176	49,671,346	72.9

(1) General Fund. Excludes other financing sources

(2) Exclusive of PILOT, interest and penalties on real property taxes and Other Tax Items, which represents STAR tax payments made to the District by the State. (See “STAR - School Tax Exemption” herein).

Source: Audited Financial Statements and Adopted Budget of the District. This summary is not audited.

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 total general fund revenues and State aid revenues during the last five fiscal years, and the amounts budgeted for the most recent fiscal year.

<u>State Aid</u>			
<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenues ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid to Revenue (%)</u>
2014	\$62,017,910	\$8,725,441	14.1%
2015	62,807,372	9,220,959	14.7
2016	63,838,654	9,489,891	14.9
2017	64,593,232	10,041,847	15.6
2018	66,164,778	10,330,943	15.6
2019 (Budget)	68,078,176	10,773,872	15.8

(1) General Fund. Excludes other financing sources.
Source: Audited Financial Statements and Adopted Budget of the District. This summary is not audited.

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*”). The District expects to receive timely STAR aid from the State for the current fiscal year.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2012 to 2018 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 fiscal year, 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 the adoption of the State budget. Although the State’s 2018-2019 Budget was adopted on March 30, 2018, in advance of the April 1 deadline, the State’s 2017-2018 Budget was adopted on April 9, 2017, a delay of approximately 8 days. 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, 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 the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State’s income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State’s 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State

personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. In response to various state initiatives following changes to federal taxes and deductibility, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) have proposed regulations addressing state initiatives that would seek to circumvent the new statutory limitation on state and local tax deductions and characterization of payments for federal income tax purposes. At this time, the District does not presently have plans to establish a local charitable fund.

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.

Litigation Regarding Apportionment of State Aid

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity ("CFE") v. State of 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 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 State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in Campaign for Fiscal Equity ("CFE") v. State of New York, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled NYSER v. State of New York has been filed recently on behalf of the State's public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in CFE v. State of New York. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting New York School Districts

The recent history of State aid to school districts in the State for the last five years is as follows:

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The budget included an increase of \$1.1 billion in State aid for school districts.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$752,800.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process. School districts were required to obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the State's 2015-16 Budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the Governor's budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase included \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State's 2017-2018 Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, in keeping with the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State 2017-18 Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provides 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 have been 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 continues to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget includes 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 had been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid will increase by approximately 4.5% and building aid will increase by approximately 3.7%. The State 2019-2020 Enacted Budget continues to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

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 "Market Factors" herein).

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

Independent Audits

The District retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2018. Appendix B attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See "*The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews*" herein.

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.

REAL PROPERTY TAXES

Real Property Tax Assessments and Rates

The following is the Real Property Tax Assessment and Rates for the last five fiscal years ending June 30:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxable Assessed Value:	\$1,183,107,705	\$1,188,525,528	\$1,183,122,987	\$1,182,099,291	\$1,182,035,464
Equalization Rates: (a)	49.85%	50.09%	50.05%	47.25%	45.50%
Full Value:	2,373,335,416	2,373,780,052	2,363,882,092	2,501,797,441	2,597,880,141
Tax Rate Per \$1,000 Assessed Value:					
Homestead	37.85	38.76	38.75	39.69	41.30
Non-homestead	64.58	65.61	66.44	66.45	66.06
Tax Levy (b)	\$52,264,917	\$53,141,689	\$53,384,946	\$53,917,311	\$55,374,009

(a) All equalization rates are final.

(b) Includes STAR reimbursement and PILOTs.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the New York Laws of 2011, as amended, imposes a statutory limit on the amount of real property taxes that a school district may levy. (See "*The Tax Levy Limit Law*" herein.)

The Tax Levy Limit Law

Chapter 97 of the Laws of 2011, as amended, (herein referred to as the “Tax Levy Limit Law” or “Law”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

The Tax Levy Limit Law imposes 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, 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 increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted 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.

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 (such as the Bonds) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*Nature of Obligation*” herein).

Tax Collection Procedures

School taxes are levied by the Board of Education upon the adoption of the final budget and completion of the assessment roll. Such taxes are collected for the District by the tax receiver of the Town. Amounts levied on State property by the District are collected by the County. Taxes are due in one installment on the first of September. Payments may be made without penalty until the 30th of September. A five percent penalty is added to all taxes paid during the month of October. After October 31, the tax receiver returns the tax roll, the warrant and statement of the unpaids to the District. The Board of Education certifies the statement of unpaids and transmits the statement and certification to the County. Unpaid school taxes are relieved by the County against the respective property owners. Amounts so relieved are included in the next tax bill issued by the County. The County must remit the full amount of the unpaid taxes to the District by April 1 of the year following the tax levy. THE DISTRICT THUS RECEIVES 100% OF ITS TAXES IN THE YEAR IN WHICH SUCH TAXES WERE LEVIED.

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 \$65,300 for the 2016-17 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 New York 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.

Approximately 10.0% of the District's 2017-18 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 9.6% of the District's 2018-19 school tax levy was exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State in January 2019 (See "State Aid" herein).

Ten of the Largest Taxpayers

The following table presents the taxable assessed valuation of the District's largest taxpayers as listed on the assessment rolls for the 2017-2018 school year.

**Ten Largest Taxpayers
2018-2019 Fiscal Year**

<u>Taxpayer</u>	<u>Classification</u>	<u>Assessed Valuations</u>	<u>% of Total Assessed Valuation ⁽²⁾</u>
Glorious Sun Robert Martin LLC	Real Estate	\$33,817,590	2.86%
Orange and Rockland Utilities.	Utility	24,388,775	2.06
Spring Valley Water/Corwick	Water	19,249,342	1.63
The Club/ Millennium Mngt	Real Estate	9,454,200	0.80
Clarins USA Inc	Fragrances	8,660,000	0.73
New York State	Municipal	8,320,198	0.70
Blue Hill Plaza Inn	Hotel	6,250,000	0.53
Chromalloy American Corp ⁽¹⁾	Aircraft Engine Manufacturing	5,850,000	0.50
155 Corporate Drive LLC	Data Center	5,800,000	0.49
Manhattan Woods Enterprises	Golf	5,485,000	0.46
Total		<u>\$127,275,105</u>	<u>10.77%</u>

(1) Tax certiorari pending.
(2) Total assessed value for 2019 \$1,182,035,464.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the periods of probable usefulness of the objects or purposes determined by statute or the weighted average period of probable usefulness of the several objects or purposes contracted therefor; 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 “*Nature of the Obligation*” and “*The Tax Levy Limit Law*” herein).

Statutory Procedure

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Bonds.

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

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of 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 State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Debt Limit and Net Indebtedness

The following table presents the debt-incurring power of the District and shows that the District is within its constitutional debt limit.

Computation of Statutory Debt Contracting Limitation As of April 16, 2019		
Assessed Valuation	Equalization Ratio (a)	Full Valuation
\$ 1,182,035,464	45.50%	\$2,597,880,141
Debt-Contracting Limitation: (10% of Full Valuation)		\$ 259,788,014

(a) State Office of Real Property Tax Services (ORPTS).

**Statutory Debt Limit and Net Indebtedness
As of April 16, 2019**

	Amount	Percent
Debt Contracting Limitation:	\$259,788,014	100.00%
Gross Indebtedness:		
Serial Bonds ^(a)	7,595,000	2.92
Bond Anticipation Notes	13,400,000	5.16
Total Gross Debt	20,995,000	8.08
Exclusions and Deductions ^(b)	0	0.00
Net Indebtedness	20,995,000	8.08
Net Debt Contracting Margin	\$238,793,014	91.921%

(a) Does not include energy performance contract outstanding in the amount of \$2,390,544 as of April 16, 2019.

(b) The District estimates that it will receive approximately \$5.1 million of State school building aid for outstanding bonds (not including refunded bonds). Such estimate, however, has not been certified by the State and, therefore, no deduction has been taken to compute the District's debt limit.

Tax Anticipation Notes

In common with other school districts in the State, the District finds it necessary, at times, to borrow in anticipation of the receipt of its tax levy. In the past, the District has paid all notes on their due date. The District has not found it necessary to utilize tax anticipation note borrowing in the last five fiscal years.

Revenue Anticipation Notes

The District has not found it necessary to utilize revenue anticipation notes in recent years.

Bond Anticipation Notes

The District currently has an outstanding \$3,400,000 Bond Anticipation Notes For Various Purposes – 2018 (FEDERALLY TAXABLE) which mature on May 24, 2019. Proceeds of the Bonds along with \$65,000 in District funds will be used to permanently finance these notes at maturity.

The District currently has an outstanding \$10,000,000 Bond Anticipation Notes for School Construction – 2018 which mature on July 24, 2019.

Energy Performance Contract

In 2011, the District entered into an energy performance contract lease for \$4.2 million. Such lease was outstanding in the amount of \$2,390,544 as of April 16, 2019.

Trend of Capital Indebtedness

The following table sets forth the long-term bonded debt outstanding at the end of each of the last five fiscal years.

	<u>Fiscal Year Ending June 30:</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds	\$14,890,000	\$13,175,000	\$11,680,000	\$10,185,000	\$8,620,000
Bond Anticipation Notes	<u>0</u>	<u>4,900,000</u>	<u>4,000,000</u>	<u>3,500,000</u>	<u>3,400,000</u>
Total Bonded Debt	<u><u>\$14,890,000</u></u>	<u><u>\$18,075,000</u></u>	<u><u>\$15,680,000</u></u>	<u><u>\$13,685,000</u></u>	<u><u>\$12,020,000</u></u>

Overlapping and Underlying Debt

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated net outstanding indebtedness (bonds and notes) of such political subdivisions, based on information furnished by such entities, but not independently verified, is as follows:

**Statement of Direct and Overlapping Indebtedness
As of April 16, 2019**

Gross Direct Indebtedness	\$20,995,000
Exclusions and Deductions	<u>0</u>
Net Direct Indebtedness	<u><u>\$20,995,000</u></u>

	<u>Date</u>	<u>Gross Debt Outstanding</u>	<u>Percent Applicable to District</u>	<u>Net Amount Applicable To District</u>
County	03-21-19	\$ 462,819,000	7.14%	\$33,045,277
Town	09-01-19	55,945,000	31.81	<u>17,796,105</u>
				<u><u>\$50,841,382</u></u>

Debt Ratios

The following table presents certain debt ratios relating to the District's indebtedness as of April 16, 2019.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Debt	\$20,995,000	\$1,278	0.81%
Net Direct & Overlapping Debt	71,836,382	4,372	2.77

(1) The population of the District as of 2017 is estimated at 16,430.

(2) The District's full valuation of taxable real estate for fiscal year 2018-2019 is \$2,597,880,141.

Authorized and Unissued Debt

After the issuance of the Bonds the District will have authorized and unissued debt of \$19,000,000 for the construction of improvements and alterations to all school buildings and/or sites pursuant to the Resolution. Construction is expected to occur over the next two to three years.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness.

Schedule of Debt Service Requirements

Years Ending June 30:	<u>Outstanding Indebtedness</u>		Total Debt Service	Cumulative Principal Paid
	<u>Principal</u>	<u>Interest</u>		
2018 ⁽¹⁾	\$1,565,000	\$306,119	\$1,871,119	15.37%
2019	1,630,000	234,269	1,864,269	31.37
2020	1,685,000	180,269	1,865,269	47.91
2021	1,265,000	133,969	1,398,969	60.33
2022	1,310,000	95,469	1,405,469	73.20
2023	1,355,000	55,469	1,410,469	86.50
2024	680,000	28,369	708,369	93.18
2025	695,000	14,769	709,769	100.00
	<u>\$10,185,000</u>	<u>\$1,048,702</u>	<u>\$11,233,702</u>	

(1) As of April 16, 2019, the District has paid \$1,025,000 in principal and \$179,084 in interest for payments due on serial bonds during the fiscal year ending June 30, 2019.

ECONOMIC AND DEMOGRAPHIC DATA

Population

Population Trend 2000 – 2017

	2000	2010	2017	% Change	
				2000-2010	2010-2017
Town	47,711	49,212	50,365	3.1%	2.3%
County	286,753	311,687	325,027	8.7	4.2
State	18,976,457	19,378,102	19,798,228	2.1	2.2

Source: U.S. Department of Commerce, Bureau of the Census. American Community Survey – 5 Year Estimate.

Income

Per Capita Money Income

	2010	2017	% Change
Town	\$40,401	\$49,876	23.5%
County	34,304	36,898	7.6
State	30,948	35,752	15.5

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

Median Income of Families 2017

Median Income	Income Groups - % of Families					
	Under \$25,000	\$25,000 -49,999	\$50,000 -74,999	\$75,000 -99,999	\$100,000 Or More	
Town	\$126,879	6.5%	9.4%	11.8%	11.0%	61.3%
County	104,232	11.3	12.4	12.3	11.7	52.3
State	77,141	14.6	18.1	16.1	13.1	38.1

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

Employment

Average Employed Civilian Labor Force 2000-2018

	2000	2010	2018	% Change	
				2000-2010	2010-2018
Town	25,000	22,600	23,500	(9.6)%	4.0%
County	139,300	138,800	147,700	(3.6)	6.4
State	8,718,700	8,769,700	9,181,100	0.6	5.5

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	5.0	5.2	6.3	6.2
2015	4.4	4.5	5.3	5.3
2016	4.1	4.2	4.9	4.9
2017	4.4	4.3	4.7	4.4
2018	3.9	3.7	4.1	3.9
2019: ⁽¹⁾				
Jan	3.8	3.7	4.6	4.4
Feb	3.7	3.7	4.4	4.1

(1) Monthly Rates. Rates not seasonally adjusted.
Source: New York State Department of Labor and U.S. Bureau of Labor Statistics.

Larger Commercial and Industrial Employers in the County

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Hamaspik of Rockland County	Health Services	1,993
Nyack Hospital	Hospital	1,850
Bon Secours Good Samaritan Hospital	Hospital	1,751
Rockland Psychiatric Center	Health Care	1,219
Jawonio, Inc.	Health Care	1,100
Helen Hayes Hospital	Hospital	981
Verizon Wireless	Communications	850
Northern Services Group	Nursing Home	832
St. Dominic's Home	Nursing Home	820
Orange & Rockland Utilities	Public Utility	819
A & T Healthcare	Health Care	800
Nice-Pak Products, Inc.	Paper Manufacturing	753
ARC of Rockland	Health Care	715
Pfizer, Inc.	Pharmaceuticals	700
Camp Venture, Inc.	Health Services	680
Par Pharmaceutical, Inc.	Pharmaceuticals	635
Community Home Health&Aide Svc, Inc	Health Care	600
Lamont-Doherty Geological Observatory	Earth Sciences Research	560
Hudson Valley Dev Disabilities Services	Health Services	523
Chestnut Ridge Transportation, Inc.	Transportation	456
Intercos America, Inc.	Cosmetic Manufacturing	450
Friedwald Center for Rehab & Nursing	Health Services	437
Rockland Bakery Inc.	Commercial	400
Aluf Plastics, A Division of API	Commercial	385

Source: Rockland County Official Statement dated April 25, 2018.

Housing Data

**Housing Stock
2000 - 2017**

	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Town	17,827	18,611	19,353	4.4%	3.5%
County	94,973	104,057	105,530	9.6	0.6
State	7,679,307	8,108,103	8,191,568	5.6	1.0

Source: U.S. Department of Commerce, Bureau of the Census.

**Median Housing Values and Rentals
2017**

	% Constructed 2010-2017	Median Value	Median Rent	Occupancy Status		
		Owner Occupied Units	Renter Occupied Units	Owner Occupied	Renter Occupied	Vacant
Town	1.2%	\$472,800	\$1,470	68.5%	24.7%	6.8%
County	2.2	425,100	1,420	65.2	29.5	5.3
State	1.7	293,000	1,194	47.8	40.7	11.5

Source: U.S. Department of Commerce, Bureau of the Census.

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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PEARL RIVER UNION FREE SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF JUNE 30:

	2014	2015	2016	2017	2018
ASSETS					
Cash And Equivalents	\$ 17,260,952	\$ 17,893,202	\$ 17,576,913	\$ 15,681,124	\$ 14,529,490
Investments					
Receivables:					
Accounts	20,053	13,211	11,759	9,270	72,077
State and Federal Aid (net)	437,588	279,837	620,959	354,846	366,953
Due From Other Governments	541,024	1,158,860	716,195	729,887	683,959
Due From Other Funds	325,880	0	0	203,217	1,248,718
	<u>325,880</u>	<u>0</u>	<u>0</u>	<u>203,217</u>	<u>1,248,718</u>
Total Assets	<u>\$ 18,585,497</u>	<u>\$ 19,345,110</u>	<u>\$ 18,925,826</u>	<u>\$ 16,978,344</u>	<u>\$ 16,901,197</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 384,329	\$ 360,074	\$ 289,525	\$ 334,491	\$ 456,713
Accrued Liabilities	3,298,524	3,322,195	3,474,515	3,644,612	3,758,434
Due To Other Funds	0	811,958	943,304	0	0
Due To Other Governments	221,975	100,037	852,481	478,863	1,319,600
Due To Retirement Systems	4,411,421	4,842,930	3,760,957	3,468,195	3,050,708
Tax Anticipation Notes Payable	0	0	0	0	922
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>922</u>
Total Liabilities	<u>8,316,249</u>	<u>9,437,194</u>	<u>9,320,782</u>	<u>7,926,161</u>	<u>8,586,377</u>
Fund Balance:					
Restricted	7,068,583	7,301,174	6,887,321	6,519,113	6,549,547
Assigned	677,788	66,616	134,352	353,064	451,290
Unassigned	2,522,877	2,540,126	2,583,371	2,180,006	1,313,983
	<u>2,522,877</u>	<u>2,540,126</u>	<u>2,583,371</u>	<u>2,180,006</u>	<u>1,313,983</u>
Total Fund Balance	<u>10,269,248</u>	<u>9,907,916</u>	<u>9,605,044</u>	<u>9,052,183</u>	<u>8,314,820</u>
Total Liabilities and Fund Balance	<u>\$ 18,585,497</u>	<u>\$ 19,345,110</u>	<u>\$ 18,925,826</u>	<u>\$ 16,978,344</u>	<u>\$ 16,901,197</u>

The financial data presented on this page has been excerpted from the audited financial statements of the District.

Such presentation, however, has not been audited.

Complete copies of the District's audited financial statements are available upon request.

PEARL RIVER UNION FREE SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

FOR THE FISCAL YEARS ENDED JUNE 30:

	2014	2015	2016	2017	2018
REVENUES:					
Real Property Taxes	\$ 46,031,643	\$ 46,308,721	\$ 47,073,753	\$ 47,458,875	\$ 48,557,121
Other Tax items	6,090,527	6,182,186	6,006,630	5,896,021	5,960,063
Charges For Services	113,266	139,467	166,331	115,053	115,231
Use Of Money And Property Sale Of Property And Compensation For Loss	496,974	526,386	514,476	594,280	883,842
State Aid	1,270	975	371	690	4,645
Federal Aid	8,725,441	9,220,959	9,489,891	10,041,847	10,330,943
Miscellaneous	65,657	13,347	7,589	2,087	448
	493,132	415,331	579,613	484,379	312,485
Total Revenues	62,017,910	62,807,372	63,838,654	64,593,232	66,164,778
EXPENDITURES:					
Current:					
General Support	5,938,375	6,231,190	7,002,445	6,554,487	6,477,308
Instruction	35,183,792	35,917,295	37,248,823	38,610,653	40,259,061
Pupil Transportation	2,890,979	2,839,164	2,834,230	2,952,656	3,135,458
Employee Benefits	13,317,432	14,039,507	13,376,311	13,774,137	14,141,444
Debt Service	3,589,660	2,713,911	2,283,379	2,285,803	2,295,677
Total Expenditures	60,920,238	61,741,067	62,745,188	64,177,736	66,308,948
Excess (Deficiency) of Revenues Over Expenditures	1,097,672	1,066,305	1,093,466	415,496	(144,170)
OTHER FINANCING SOURCES (USES):					
Insurance Recoveries	0	0	0	0	14,136
Transfers - Out (a)	(163,754)	(1,427,637)	(1,396,338)	(968,357)	(607,329)
Total Other Financing Sources (Uses)	(163,754)	(1,427,637)	(1,396,338)	(968,357)	(593,193)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	933,918	(361,332)	(302,872)	(552,861)	(737,363)
Fund Balance - Beginning of Year	9,335,330	10,269,248	9,907,916	9,605,044	9,052,183
Fund Balance - End of Year	\$ 10,269,248	\$ 9,907,916	\$ 9,605,044	\$ 9,052,183	\$ 8,314,820

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request.

PEARL RIVER UNION FREE SCHOOL DISTRICT
SUMMARY OF ADOPTED BUDGET
GENERAL FUND
FISCAL YEAR ENDED JUNE 30

	Adopted Budget 2018-19
ESTIMATED REVENUES:	
Real Property Taxes	\$ 49,671,346
Other Tax Items	1,111,958
STAR	5,500,000
Departmental Income	25,000
Intergovernmental Charges	75,000
Use of Money and Property	580,000
Miscellaneous	331,000
State Aid	10,773,872
Federal Aid	10,000
	<u>68,078,176</u>
TOTAL ESTIMATED REVENUES	<u>68,078,176</u>
 APPROPRIATIONS:	
General Support	6,942,583
Instruction	40,635,647
Pupil Transportation	2,848,905
Employee Benefits	14,858,465
Debt Service	2,317,576
	<u>67,603,176</u>
TOTAL APPROPRIATIONS	<u>67,603,176</u>
 EXCESS OF ESTIMATED REVENUES OVER APPROPRIATIONS	 <u>475,000</u>
 OTHER FINANCING SOURCES (USES):	
Operating Transfers-In	0
Operating Transfers-Out	0
	<u>0</u>
 APPROPRIATED FUND BALANCE	 <u><u>\$ (475,000)</u></u>

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APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**Can be accessed on the Electronic Municipal Market Access ("EMMA") website
of the Municipal Securities Rulemaking Board ("MSRB")
at the following link:**

<https://emma.msrb.org/ER1175116-ER918503-ER1319063.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as of the
date thereof. PKF O'Connor Davies, LLP has not been requested by the District to further
review and/or update such Financial Statements or opinion in connection with the
preparation and dissemination of this Official Statement.**

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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The Board of Education of
Pearl River Union Free School District, in the
County of Rockland, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Pearl River Union Free School District (the "School District"), in the County of Rockland, New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,335,000 School District Serial Bonds-2019 (Federally Taxable) (the "Bonds"), 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 Bonds are valid and legally binding general obligations 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 Bonds and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Interest on the Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

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

Except as stated in paragraphs 2 and 3 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances or any change in law or the interpretations thereof, or otherwise, that may hereafter come to our attention, or changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement related to the Bonds 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 Bonds.

Very truly yours,

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APPENDIX E

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

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UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“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 Pearl River Union Free School District, in the County of Rockland, 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, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the President of the Board of Education as of May 9, 2019.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s \$3,335,000 School District Serial Bonds – 2019 (Federally Taxable), dated May 23, 2019, maturing in various principal amounts on May 15 in the years 2020 to 2039, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the EMMA System:

- (i) no later the last day of the sixth month following the fiscal year ending June 30, 2019, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within thirty (30) days after they become available and in no event later than 360 days after the end of each fiscal year; and
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of 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; and
 - (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.
- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(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 material event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The District", "Financial Factors," "Tax Information," "Economic and Demographic Information" and "Litigation", and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. 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 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with subsection (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 7. 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 modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) 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 7 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 8. 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 pursuant to 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 Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. 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 10. 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 **May 23, 2019**.

PEARL RIVER UNION FREE SCHOOL DISTRICT

By _____
 President of the Board of Education and Chief Fiscal Officer