

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 13, 2022

NEW ISSUES

RATINGS: See “RATINGS” herein

SERIAL BONDS AND TAX ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds and the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See “TAX MATTERS” herein.)

*The District **WILL NOT** designate the Bonds or the Notes as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.*

SMITHTOWN CENTRAL SCHOOL DISTRICT SUFFOLK COUNTY, NEW YORK

\$37,000,000*

SCHOOL DISTRICT SERIAL BONDS – 2022 (the “Bonds”)

Date of Issue: Date of Delivery

Maturity Dates: June 1, 2023 – 2037

\$60,000,000*

TAX ANTICIPATION NOTES FOR 2022-2023 TAXES (the “Notes”)

Date of Issue: October 4, 2022

Maturity Dates: June 28, 2023

The Bonds are general obligations of the Smithtown Central School District, Suffolk County, New York (the “District”), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Bonds, 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).

The Notes are general obligations of the District, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See “*The Tax Levy Limit Law*” herein.)

The Bonds will be dated the date of delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on June 1, 2023, December 1, 2023, and semiannually thereafter on June 1 and December 1 in each year until maturity. The Bonds shall mature on June 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity as described herein. (See “*Optional Redemption*” herein).

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

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

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

If the Notes are issued in book-entry form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the securities depository for the Bonds and such Notes issued in book-entry form. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds and the Notes issued in book-entry form. Payment of the principal of and interest on such Bonds and Notes 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 such Bonds and Notes as described herein. (See “DESCRIPTION OF BOOK-ENTRY SYSTEM” herein.)

The Bonds and Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that delivery of the Bonds and Notes will be made on or about October 4, 2022, through the offices of DTC, or such place agreed to by the purchaser(s) 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 AGREEMENTS TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKINGS,” HEREIN.

DATED: September __, 2022

*Preliminary subject to change.

The Bonds will mature on June 1, subject to optional redemption, in the years and amounts as set forth below:

<u>Date</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽³⁾</u>
2023	\$2,155,000			
2024	2,035,000			
2025	2,090,000			
2026	2,150,000			
2027	2,210,000			
2028	2,275,000			
2029	2,340,000			
2030	2,410,000			
2031 ⁽²⁾	2,485,000			
2032 ⁽²⁾	2,570,000			
2033 ⁽²⁾	2,655,000			
2034 ⁽²⁾	2,750,000			
2035 ⁽²⁾	2,850,000			
2036 ⁽²⁾	2,955,000			
2037 ⁽²⁾	3,070,000			

- (1) The principal amounts of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Sale.
- (2) The Bonds maturing in the years 2031 and thereafter will be subject to optional redemption prior to maturity, as described herein. (See “*Optional Redemption*” herein.)
- (3) Copyright 1999-2013, Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number has been assigned by an independent company not affiliated with the District and is included solely for the convenience of the owners of the Bonds. The District is not responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness on the Bonds or as indicated above. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

2022-2023 Board of Education

Matthew Gribbin.....President
Michael Saidens Vice President
Michael Catalanotto Trustee
Jerry Martusciello Trustee
John Savoretti..... Trustee
Stacy Ann Murphy Trustee
Karen Wontrobski-Ricciardi..... Trustee

Mark E. Secaur..... Superintendent of Schools
Andrew TobinAssistant Superintendent for Finance & Operations
Maureen O'ConnorDistrict Clerk

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
(516) 274-4501**

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

TABLE OF CONTENTS

	<i>Page</i>		<i>Page</i>
THE BONDS AND THE NOTES	1	TAX MATTERS	10
Description of the Bonds	1	Opinion of Bond Counsel.....	10
Description of the Notes	2	Certain Ongoing Federal Tax Requirements and	
Authority for and Purpose of the Bonds	2	Certifications	10
Authority for and Purpose of the Notes	2	Certain Collateral Federal Tax Consequences.....	10
Optional Redemption.....	2	Original Issue Discount.....	11
Nature of the Obligation	3	Bond Premium	11
REMEDIES UPON DEFAULT	3	Information Reporting and Backup Withholding	12
No Past Due Debt	5	Miscellaneous.....	12
Bankruptcy	5	LEGAL MATTERS	12
SECTION 99-B OF THE STATE FINANCE LAW	5	DISCLOSURE UNDERTAKINGS	12
DESCRIPTION OF BOOK-ENTRY SYSTEM	6	RATINGS	12
RISK FACTORS	8	MUNICIPAL ADVISOR	13
CYBERSECURITY	9	ADDITIONAL INFORMATION	13
LITIGATION	9		

APPENDIX A

	<i>Page</i>		<i>Page</i>
THE DISTRICT	A-1	Estimated Overlapping Indebtedness	A-7
General Information.....	A-1	FINANCIAL FACTORS	A-7
Largest Taxpayers in the District.....	A-1	Impact of COVID-19	A-7
Transportation.....	A-1	Real Estate Property Tax Collection Procedure	A-7
Utilities and Services	A-1	Real Property Tax.....	A-8
Unemployment Rate Statistics.....	A-2	STAR – School Tax Exemption	A-8
District Organization	A-2	Tax Limit.....	A-9
Financial Organization.....	A-2	The Tax Levy Limit Law	A-9
District Facilities	A-3	State Aid.....	A-9
Enrollment History and Projections.....	A-3	Events Affecting New York School Districts.....	A-11
DISTRICT INDEBTEDNESS	A-3	Other Revenues	A-12
Constitutional and Statutory Requirements	A-3	Cash Flow Projections.....	A-12
Statutory Procedure	A-4	Budgetary Procedures.....	A-12
Computation of Debt Limit and Debt Contracting		Financial Statements and Accounting Procedures.....	A-12
Margin	A-5	Investment Policy.....	A-13
Debt Ratios	A-5	General Fund Operations.....	A-13
Debt Service Schedule.....	A-5	The State Comptroller’s Fiscal Stress Monitoring	
Outstanding Long-Term Bond Indebtedness	A-6	System and Compliacne Reviews.....	A-13
Lease Financing Obligations.....	A-6	Employees.....	A-14
Authorized but Unissued Debt.....	A-6	Employee Pension Benefits.....	A-14
Bond Anticipation Notes	A-6	Other Post Employment Benefits	A-15
Revenue and Tax Anticipation Notes	A-6		
Real Property Tax Assessment and Rates.....	A-10		

APPENDIX B – FINANCIAL STATEMENT SUMMARIES

APPENDIX C – CASH FLOW STATEMENTS

APPENDIX D – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX E – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE BONDS

APPENDIX F – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE NOTES

APPENDIX G – FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

APPENDIX H – FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS FOR THE NOTES

OFFICIAL STATEMENT

**SMITHTOWN CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

relating to

\$37,000,000*

**SCHOOL DISTRICT SERIAL BONDS – 2022
(the “Bonds”)**

and

\$60,000,000*

**TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the “Notes”)**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Smithtown Central School District, in Suffolk County, in the State of New York (the “District,” “County,” and “State,” respectively), in connection with the sale of \$37,000,000* School District Serial Bonds – 2022 (the “Bonds”) and \$60,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the “Notes”).

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic, which emerged in early 2020, has affected education, travel, commerce, financial markets globally and economic growth worldwide. Accordingly, the District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. (See “RISK FACTORS” and “*Impact of COVID-19*” herein.)

THE BONDS AND THE NOTES

Description of the Bonds

The Bonds will be dated the date of delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on June 1, 2023, December 1, 2023, and semiannually thereafter on June 1 and December 1 in each year until maturity. The Bonds shall mature on June 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity as described herein. (See “*Optional Redemption*” herein).

The Bonds will be issued in fully registered form and, when issued, 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.

*Preliminary subject to change.

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 payment date for the payment of principal and interest on the Bonds is the fifteenth day of the calendar month preceding each interest payment date.

Description of the Notes

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

The District will act as Paying Agent for any Notes issued in book-entry form. Paying agent fees, if any, for non-book-entry notes will be paid by the purchaser(s). The District's contact information is Mr. Andrew Tobin, Assistant Superintendent for Finance and Operations, 26 New York Avenue, Smithtown, NY 11787, Phone: (631) 382-2115, Fax: (631) 382-2119, e-mail: atobin@smithtown.k12.ny.us.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and laws of the State, and a bond resolution adopted by the Board of Education of the District on October 26, 2021, following approval of a proposition by a majority of the qualified voters of the District at a Special District Meeting held on September 28, 2021, authorizing the issuance of \$120,000,000 serial bonds by the District to finance the construction of alterations and improvements to all District buildings and the sites thereof (the "Project"). The proceeds from the sale of the Bonds will be used to provide original financing for the Project.

Authority for and Purpose of the Notes

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

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

Optional Redemption

The Bonds maturing on or before June 1, 2030 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after June 1, 2031 will be subject to redemption prior to maturity, at the option of the District, on any date on or after June 1, 2030, 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 equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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 "DESCRIPTION OF BOOK-ENTRY SYSTEM" for additional information concerning redemptions).

The Notes are not subject to redemption prior to maturity.

Nature of the Obligation

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

The Bonds are 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 the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount (See "*Tax Levy Limit Law*" herein.)

The Notes are 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 the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "*The Tax Levy Limit Law*" herein.)

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011, as amended (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, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. 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 (including the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*" herein.)

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Bonds or the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the

power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds or the Notes, the owners of such Bonds or the Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Bonds or the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds or the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds or the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds or the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

No Past Due Debt

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

Bankruptcy

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

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

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.

DESCRIPTION OF BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds and for those Notes issued in book-entry form. The Bonds and those Notes issued in book-entry form will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. One fully-registered note certificate will be issued for each Note issued in book-entry form bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world’s largest securities 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 and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC’s records. The ownership interest of each actual purchaser of each bond or note (“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 and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized

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

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

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

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by the District 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 redemption proceeds, distributions, and dividend 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 and the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, 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 and note certificates will be printed and delivered to DTC.

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

Source: The Depository Trust Company and Clearing Corporation.

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 THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BOND OR NOTE OWNERS.

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 OR THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS OR THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS OR THE NOTES, 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 OR THE NOTES; (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 OR THE NOTES.

RISK FACTORS

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

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

In addition, if and when a holder of any of the Bonds or Notes should elect to sell a Bond or Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Bonds or Notes. The price or principal value of the Bonds and the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Bonds and the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality 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 and the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and

“*Events Affecting New York School Districts*” herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

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

Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

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.

LITIGATION

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

Two lawsuits are pending against the District under the Child Victim’s Act. One of the lawsuits is a Boy Scout case in which the District is being sued because the alleged acts occurred on District property; however, the abuse allegations were allegedly committed by a non-District employee. The other lawsuit is regarding alleged instances of sexual assault by a former District employee. The District denies all allegations and liability in each lawsuit. The District was unable to locate any insurance coverage for either of the complaints. Notwithstanding, should the plaintiffs be successful in their actions against the District, any liability will be a District charge and would be funded either through budgetary appropriations or through the issuance of bonds.

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Bond Counsel's opinions will be in substantially the forms attached hereto in Appendices E and F, respectively.

DISCLOSURE UNDERTAKINGS

In order to assist the purchaser(s) 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 and the Notes, the District will execute an Undertaking to Provide Continuing Disclosure for the Bonds, the form of which is attached hereto as Appendix G and a Certificate to Provide Notices of Events for the Notes, the form of which is attached hereto as Appendix H.

RATINGS

The District has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds and the Notes. Such applications are pending at this time.

The District's underlying credit rating by Moody's is "Aa2".

With respect to the Moody's rating applicable to uninsured debt of the District, such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 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 Notes or the availability of a secondary market for the Bonds or the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, 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 or the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the District's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 364-6363 or from the District's Assistant Superintendent for Finance and Operations at (631) 382-2115.

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 original purchasers or holders of any of the Bonds or the Notes.

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.

The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the City assumes no obligation to update any such forward-looking

statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

SMITHTOWN CENTRAL SCHOOL DISTRICT

By: _____
Matthew Gribbin
President of the Board of Education

DATED: September __, 2022

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The District is comprised of approximately 27 square miles of land and is situated wholly in the Town of Smithtown (the “Town”). In 1955, three union free districts and one common district were combined to form the present-day Smithtown Central School District. The District has a population currently estimated at 56,464.

Located within the boundaries of the District are the main offices or branches of six commercial banks, three savings and loan associations, and two savings banks. Two large modern hospitals, a large public library, the main municipal buildings of the Town of Smithtown, and two stations for the Long Island Railroad are also located within the borders of the District.

The District is provided with electricity and natural gas by the Long Island Power Authority and National Grid, and water service by the Suffolk County Water Authority, Smithtown Water District, and the St. James Water District. Police protection is provided by the Suffolk County Police Department, and fire protection is provided by four volunteer fire departments.

The Smithhaven Mall, one of the larger shopping malls on the East Coast, is partially located within the District. Along with various retail and specialty outlets, nationally known department stores such as Macy’s and Roebuck & Co. are also residents of the Smithhaven Mall. Several other shopping centers, as well as medical group facilities and a full range of commercial activity are located in the central business district of Smithtown. Other employment opportunities for residents include nearby industrial parks, the Suffolk County Office Building Center, and the State Office Building. Many residents of the District commute to New York City. Major thoroughfares in the District include Jericho Turnpike (N.Y. State Route 25), Nesconset-Port Jefferson Highway (N.Y. State Route 347), and the Veterans Memorial Highway (N.Y. State Route 454).

Largest Taxpayers in the District

<u>Name</u>	<u>Type</u>	<u>2022-2023 Assessed Value⁽¹⁾</u>
PSEG Long Island	Utility	\$2,949,751
Smithtown Galleria	Shopping Center	1,779,898
Mall at Smith Haven. LLC	Large Retail Outlet	1,148,933
KeySpan	Utility	680,458
Celwyn Company, Inc.	Shopping Center	667,913
Smith Haven Center Assoc. LLC	Shopping Center	613,086
The Price Co.	Costco Store	596,135

(1) Includes applicable franchise assessments for utilities.
Source: Town Assessment Rolls.

Transportation

Rail transportation is provided by the Port Jefferson branch of the Long Island Railroad, with a station in the Town. Suffolk County Transit provides local bus service.

Utilities and Services

Water service is provided by Town special water districts and Suffolk County Water Authority; gas and electric by the PSEG Long Island and National Grid Corporation. Police protection is furnished by the Suffolk County Police Department, while fire protection is available from local volunteer fire departments. The incorporated Villages of Head of the Harbor and Nissequoque maintain their own police forces.

Unemployment Rate Statistics

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

	<u>Year Average</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Smithtown Town	3.8%	3.3%	3.1%	7.2%	3.9%
Suffolk County	4.4%	3.8%	3.6%	8.1%	4.6%
New York State	4.7%	4.1%	4.0%	9.9%	6.9%

	<u>2022 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Smithtown Town	2.7%	2.8%	2.7%	2.2%	2.4%	2.6%	2.9%
Suffolk County	3.6%	3.8%	3.5%	2.8%	2.8%	3.0%	3.4%
New York State	5.3%	5.1%	4.7%	4.2%	4.1%	4.3%	4.8%

District Organization

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

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

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

Financial Organization

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

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District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Year Originally Built</u>	<u>Type</u>	<u>Present Capacity</u>
Accompsett Elementary	1967	Elementary	750
Branch Brook Elementary ⁽¹⁾	1967	Elementary	950
Dogwood Elementary	1961	Elementary	670
Mills Pond Elementary	1965	Elementary	600
Mt. Pleasant Elementary	1961	Elementary	700
Nesconset Elementary ⁽¹⁾	1909	Elementary	680
Smithtown Elementary	1950	Elementary	600
St. James Elementary	1907	Elementary	725
Tackan Elementary	1968	Elementary	780
Accompsett Middle School	1971	Middle School	1,000
Great Hollow Middle School	1964	Middle School	1,000
Nesaquake Middle School	1971	Middle School	969
New York Avenue Administration Bldg.	1924	Non-Instructional	N/A
Smithtown High School – East Campus	1959	High School	2,800
Smithtown High School – West Campus	1973	High School	2,500
Facilities and Transportation	1971	Non-Instructional	N/A
Warehouse/Commissary	Var.	Non-Instructional	N/A

(1) This building is currently closed to students.

Enrollment History and Projections

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Projected 2023-24</u>
K-12	8,991	8,628	8,416	8,111	7,948	7,729	7,496

Source: District records and estimates.

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

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

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

Statutory Procedure

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

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specification for 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, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any 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.

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Computation of Debt Limit and Debt Contracting Margin

The following table sets forth the computation of the debt limit of the School District and its debt contracting margin as of September 13, 2022.

Full valuation of taxable real property		<u>\$12,161,998,265</u>
Debt limit (10% of full valuation).....		1,216,199,827
Outstanding Indebtedness (Principal only) ⁽²⁾ :		
Bonds.....	\$11,550,000	
Less Exclusion for Estimated Building Aid ⁽²⁾	<u>0</u>	
Total Net Indebtedness ²		<u>11,550,000</u>
Net Debt Contracting Margin.....		<u>\$1,204,649,827</u>
Percentage of Debt Contracting Power Exhausted.....		<u>0.95%</u>

(1) Tax Anticipation and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the District.

(2) The District may exclude from gross indebtedness estimated State aid for school building purposes. However, because the District has not applied for a Building Aid Estimate from the Commissioner of Education, no exclusion for such aid is listed in the Debt Statement Summary. Under current law, State Building Aid is, however, currently estimated by the District to be approximately 37% of the total net indebtedness shown above.

Debt Ratios

The following table sets forth certain ratios relating to the District's net indebtedness, excluding refunded bonds, as of September 13, 2022.

	<u>Amount</u>	<u>Per Capita⁽¹⁾</u>	<u>Percentage of Full Value⁽²⁾</u>
Gross Indebtedness (see Computation of Debt Limit).....	\$11,550,000	\$204.56	0.09%

(1) The current estimated population of the District is 56,464.

(2) The District's full value of taxable real estate for 2019-2020 is \$12,161,998,265.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness, exclusive of the Bonds and any economically defeased obligations.

Fiscal Year Ending June 30th	Principal	Interest	Total Principal and Interest
2023 ⁽¹⁾	\$6,135,000	\$547,875	\$6,682,875
2024	3,845,000	298,375	4,143,375
2036	<u>4,045,000</u>	<u>101,125</u>	<u>4,146,125</u>
Totals:	<u>\$14,025,000</u>	<u>\$947,375</u>	<u>\$14,972,375</u>

(1) For the entire fiscal year.

Outstanding Long-Term Bond Indebtedness

The following table sets forth the total long-term bond indebtedness outstanding at the end of the five most recently completed fiscal years.

<u>As of June 30:</u>	<u>Total Bonded Debt</u>
2018	\$47,495,000
2019	39,730,000
2020	31,570,000
2021	23,005,000
2022	14,025,000

Source: District records.

Lease Financing Obligations

The following is a summary of the District’s lease financing obligations.

<u>Description of Issue</u>	<u>Issue Year</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding at June 30, 2022</u>
Energy Performance Contract	2014	2025	2.85%	\$ 1,133,259
Energy Performance Contract	2019	2033	3.03%	\$17,809,294

Authorized but Unissued Debt

Following the sale of the Bonds, the District will have \$83,000,000 in authorized but unissued debt in connection with the Project (see “*Authority for and Purpose of the Bonds*” herein).

Bond Anticipation Notes

The District does not currently have any bond anticipation notes outstanding.

Revenue and Tax Anticipation Notes

The following is a history of tax anticipation note borrowings since the 2017-2018 fiscal year. The District has not found it necessary to borrow in anticipation of revenues during this period.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2017-18	\$40,000,000	TAN	10/18/17	6/28/18
2018-19	50,000,000	TAN	10/09/18	6/28/19
2019-20	48,000,000	TAN	10/08/19	6/26/20
2020-21	80,000,000	TAN	10/01/20	6/25/21
2021-22	50,000,000	TAN	10/05/21	6/29/22
2022-23 (Projected)	60,000,000	TAN	10/04/22	6/28/23

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue debt and to levy taxes or cause taxes to be levied on taxable real property in the District.

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>District's Share</u>	<u>Net Indebtedness</u>
County of Suffolk	\$1,178,139,250	3.36%	\$39,585,479
Town of Smithtown	37,633,831	48.50%	18,252,408
Head of Harbor Village	369,000	100.00%	369,000
Village of The Branch	40,000	100.00%	40,000
Nissequogue Village	410,179	10.000%	410,179

Source: New York State Comptroller's Special Report on Municipal Affairs for local fiscal years ending in 2021.

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, 2021 is contained in Appendix B). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Impact of COVID-19

The District was allocated \$1,849,742 of the American Rescue Plan (ARP Act) Elementary and Secondary School Relief (ESSER) funding and received equal installments of 924,871 in June 2021 and June 2022. Additionally, the District was allocated \$7,819,005 of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). These funds were received in August 2021 were allocated for use in the 2021-22 and 2022-23 fiscal years.

Real Estate Property Tax Collection Procedure

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

The District receives its full levy before the end of its fiscal year. Uncollected amounts are not segregated by the Town Tax Receiver, and any deficiency in tax collection is the County's liability.

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Real Property Tax

The following table sets forth the assessed and full valuation of taxable real property, the District's real property tax levy and rates of tax per \$1,000 assessed valuation (exclusive of any library tax), and uncollected taxes for the five most recent fiscal years.

Valuations, Tax Levy, Rates and Uncollected Taxes

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Assessed Valuation	\$ 118,669,200	\$ 117,543,255	\$ 118,660,287	\$ 118,973,956	\$ 119,187,583
State Equalization Rate	1.23%	1.23%	1.16%	1.15%	0.98%
Full Valuation	9,647,902,439	9,556,362,195	10,229,335,086	10,345,561,391	12,161,998,265
Tax Levy	187,169,883	192,689,494	197,866,115	201,458,364	204,979,539
Tax Rate per \$1,000 A.V.	1,577.24	1,639.31	1,667.50	1,693.30	1,719.81

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

The State’s 2019-2020 Enacted Budget included changes to the STAR program. For those homeowners with incomes over \$250,000, the STAR exemption benefit was capped at the 2019 fiscal year level, rather than allowed to grow by up to 2% annually under the STAR credit program. Those homeowners with incomes between \$250,000 and \$500,000 are able to convert to the credit program to maintain the full STAR benefit.

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

Approximately 6.0% of the District’s 2021-2022 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 4.6% of the District’s 2022-2023 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See “*State Aid*” herein).

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

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

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

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

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.

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The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years and the amounts budgeted for the most recent and current fiscal years.

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>Total</u> <u>State Aid</u>	<u>Percentage of Total Revenues</u> <u>Consisting of State Aid</u>
2017	\$245,994,919	\$47,086,191	19.1%
2018	241,492,429	48,481,781	20.1
2019	244,913,464	46,084,248	18.8
2020	251,379,797	46,639,306	18.5
2021	255,906,529	47,730,082	18.7
2022 (Adopted Budget)	262,319,665	47,470,528	18.1
2023 (Adopted Budget)	267,786,882	48,731,716	18.2

(1) General Fund.

Source: Audited Financial Statements and Adopted Budgets of the District. Summary itself 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*” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, the State has received \$12.7 billion in federal funding that is available for a wide range of eligible State purposes, along with \$774 million to fund eligible local governments. The use of federal funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

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

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

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

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

Events Affecting New York School Districts

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

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as has the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Enacted Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education continued in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

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

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated \$13 billion of federal Elementary and Secondary School Emergency Relief and

Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 school year, the State's Enacted provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

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

The Smart Schools Bond Act (the "SSBA") was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District was awarded an allocation under the ACT to issue up to \$494,867 in bonds. The SSBA Review Board reviewed and approved districts' Smart Schools Investment Plan and \$275,000 of the allocation has been utilized to date.

Other Revenues

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

Cash Flow Projection

The cash flow summaries of the District for the 2021-2022 and 2022-2023 fiscal years including tax anticipation borrowings and repayment thereof, are set forth in Appendix C. Such cash flow statements, with respect to future receipts and payments, are estimates only and no representation whatsoever is made that any such estimates will be realized.

Budgetary Procedures

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

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.

Investment Policy

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

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

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

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

General Fund Operations

Appendix B sets forth the General Fund operations for the last five fiscal years which are derived from Audited Financial Statements on file in the office of the District Treasurer.

The State Comptroller’s Fiscal Stress Monitoring System and 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.”

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 last audit conducted by OSC was released on June 11, 2021. The purpose of the audit was to evaluate District controls over claims processing and travel-related expenses for the period July 1, 2018 through January 31, 2020. The complete report can be obtained from OSC’s website.

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

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are as follows:

<u>No. of Employees</u>	<u>Unit</u>	<u>Expiration Date</u>
33	Smithtown School Administrators' Association	6/30/24
933	Smithtown Teachers' Association	6/30/24
690	Smithtown School Employees' Association	6/30/22 ⁽¹⁾
26	Association of Smithtown Professional Nurses	6/30/26
89	Smithtown Security Guards Association	6/30/23
10	Non-aligned Supervisors	N/A
6	Managerial Confidential Administrators	N/A
6	Confidential Clerical	N/A

(1) Contract in negotiations.

Employee Pension Benefits

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

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

On March 16, 2012, the Governor signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee’s pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

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

Due to poor performance of the investment portfolio of TRS and ERS during the Global Financial Crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension

payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, 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 ERS 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.

The TRS SCO deferral plan is available to school districts for up to 7 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 District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

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 is not participating in any SCO deferral plans.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established such fund in the fiscal year ended June 30, 2019.

Other Post Employment Benefits

The District implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The District primarily provides OPEB through the Suffolk School Employees Health Plan (“SSEHP”). The District’s SSEHP total OPEB liability as of December 31, 2021 was \$360,766,714, using a discount rate of 2.06% and actuarial assumptions and other inputs as described in the District’s June 30, 2022 audited financial statements.

The District also provides OPEB through the New York State Health Insurance Plan (“NYSHIP”). The District’s NYSHIP total OPEB liability as of June 30, 2021 was \$1,904,121, using a discount rate of 2.16% and actuarial assumptions and other inputs as described in the District’s June 30, 2022 audited financial statements.

Should the District be required to fund the total OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The District cannot predict whether such legislation will be enacted into law in the foreseeable future.

End of Appendix A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

SMITHTOWN CENTRAL SCHOOL DISTRICT
Statement of Budgeted Revenues and Expenditures
Fiscal Year Ending June 30:

	2021-2022 Adopted Budget ⁽¹⁾	2022-2023 Adopted Budget ⁽²⁾
	<hr/>	<hr/>
<u>REVENUES</u>		
Real Property Taxes ⁽³⁾	\$ 204,979,539	\$ 207,439,293
State Aid	47,470,528	48,731,716
Assigned Fund Balance	1,500,000	1,500,000
Other Revenue	8,369,598	10,115,873
	<hr/>	<hr/>
Total Revenues	<u>\$ 262,319,665</u>	<u>\$ 267,786,882</u>
<u>EXPENDITURES</u>		
General Support	\$ 24,545,639	\$ 25,229,581
Instruction	147,914,493	151,801,414
Pupil Transportation	18,040,455	18,772,286
Community Services	2,250	2,250
Employee Benefits	58,296,279	58,883,676
Interfund Transfers	590,000	590,000
Debt Service	12,930,549	12,507,675
	<hr/>	<hr/>
Total Expenditures	<u>\$ 262,319,665</u>	<u>\$ 267,786,882</u>

(1) The budget for the 2021-2022 fiscal year was approved by voters of the District on May 18, 2021.

(2) The budget for the 2022-2023 fiscal year was approved by voters of the District on May 17, 2022.

(3) Inclusive of STAR payments.

Source: Annual budgets of the Smithtown Central School District.

SMITHTOWN CENTRAL SCHOOL DISTRICT
Comparative Balance Sheet - General Fund
Fiscal Years Ended June 30:

	2020	2021
<u>ASSETS</u>		
Unrestricted Cash	\$ 24,376,826	\$ 23,996,374
Restricted Cash	35,868,708	40,550,123
State & Federal Aid Receivable	5,794,735	5,221,436
Due from Other Governments	4,651,400	6,382,303
Due from Other Funds	2,174,783	1,831,260
Other/Accounts Receivable	530,334	278,734
Prepaid Expenditures	123,858	100,000
TOTAL ASSETS	\$ 73,520,644	\$ 78,360,230
 <u>LIABILITIES</u>		
Accounts Payable	\$ 5,433,510	\$ 3,360,940
Accrued Liabilities	325,432	1,181,198
Due to Other Governments	677,072	2,607,300
Due to Other Funds	33,800	82,992
Due to Teachers' Retirement System	9,274,974	10,309,035
Due to Employees Retirement	1,220,534	1,415,739
Compensated Absences	600,679	300,842
Collections in Advance	93,136	46,330
Deferred Revenue	4,904,740	3,988,209
TOTAL LIABILITIES	22,563,877	23,292,585
 <u>FUND BALANCES</u>		
Nonspendable	123,858	100,000
Restricted	35,868,708	40,550,123
Assigned	4,838,060	3,933,413
Unassigned	10,126,141	10,484,109
TOTAL FUND BALANCES	50,956,767	55,067,645
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,520,644	\$ 78,360,230

Source: Information for this appendix has been extracted from the audited financial statements of the Smithtown Central School District. This summary itself has not been audited. Reference should be made to the complete audit reports on file at the District office.

SMITHTOWN CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Fiscal Year Ended June 30:

Year Ended June 30:	2017	2018	2019	2020	2021
<u>REVENUES</u>					
Real Property Taxes	\$ 165,592,540	\$ 168,608,694	\$ 175,283,552	\$ 183,526,583	\$ 188,178,682
Other Tax Items	18,700,619	18,950,008	17,988,940	15,097,402	14,095,168
Charges for Services	2,389,672	2,253,007	2,315,170	2,081,888	1,953,476
Use of Money and Property	372,710	1,000,998	1,669,888	1,078,218	314,055
Forfeiture of deposits	2,084	7,927	6,760	9,809	2
Sale of Property and Compensation for Loss	430,150	409,982	385,512	281,723	344,457
State Sources	47,086,191	48,481,781	46,382,124	46,639,306	47,730,082
Federal Sources	155,490	176,748	173,668	168,756	504,802
Miscellaneous	11,265,463	1,603,284	1,712,286	2,496,112	2,785,805
Total Revenues	245,994,919	241,492,429	245,917,900	251,379,797	255,906,529
<u>EXPENDITURES</u>					
General Support	23,173,560	23,864,363	24,122,073	24,676,365	24,771,301
Instruction	127,581,328	130,966,560	136,023,203	140,167,873	140,529,143
Pupil Transportation	16,641,272	15,879,462	16,186,214	13,402,282	17,009,105
Employee Benefits	60,876,568	51,319,839	52,863,063	52,109,940	55,450,847
Debt Service	12,870,851	13,002,598	13,334,690	12,869,298	13,427,506
Total Expenditures	241,143,579	235,032,822	242,529,243	243,225,758	251,187,902
Excess (Deficiency) of Revenues Over Expenditures	4,851,340	6,459,607	3,388,657	8,154,039	4,718,627
Other Financing Sources (Uses):					
Operating Transfers In	1,427,420	108,352	0	0	0
Operating Transfers Out	(489,353)	(13,857,234)	(561,978)	(581,702)	(607,749)
Total Other Financing Sources	938,067	(13,748,882)	(561,978)	(581,702)	(607,749)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	5,789,407	(7,289,275)	2,826,679	7,572,337	4,110,878
Fund Balances (Deficits) - Beginning of Year	42,057,619	47,847,026	40,557,751	43,384,430	50,956,767
Fund Balances - End of Year	\$ 47,847,026	\$ 40,557,751	\$ 43,384,430	\$ 50,956,767	\$ 55,067,645

Source: Information for this appendix has been extracted from the audited financial statements of the Smithtown Central School District. This summary itself has not been audited. Reference should be made to the complete audit reports on file at the District office.

APPENDIX C

CASH FLOW STATEMENTS

2021-2022 Cash Flow Statement

2021-2022 Monthly Cash Flow
Actual
(000's omitted)

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Balance (beg. of month) ⁽¹⁾	\$ 64,044	\$ 49,447	\$ 44,948	\$ 36,903	\$ 69,438	\$ 52,872	\$ 23,337	\$ 116,843	\$ 108,026	\$ 113,098	\$ 97,040	\$ 96,699	\$ 64,044
Receipts:													
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238	\$ 100,690	\$ 11,268	\$ 1,512	\$ 3,966	\$ 16,012	\$ 59,366	\$ 193,052
STAR Reimbursement	0	0	0	0	0	0	12,354	0	0	0	0	0	12,354
State Aid	19	3,500	6,334	2,414	177	1,840	273	270	19,743	54	161	3,941	38,726
Interfund Transfers	502	0	0	0	1	0	8	0	0	2	0	0	513
Other Receipts	807	198	378	1,246	394	285	313	526	1,051	529	273	960	6,960
NYS Wires/Grants	1,268	62	1,890	526	312	1,076	185	897	1,930	316	1,071	579	10,112
TAN Proceeds	0	0	0	50,000	0	0	0	0	0	0	0	0	50,000
Total Receipts	2,596	3,760	8,602	54,186	884	3,439	113,823	12,961	24,236	4,867	17,517	64,846	311,717
Balance and Receipts	66,640	53,207	53,550	91,089	70,322	56,311	137,160	129,804	132,262	117,965	114,557	161,545	375,761
Disbursements:													
Salaries and Benefits	3,091	3,507	8,909	11,164	11,139	21,755	11,206	11,467	11,030	11,460	10,760	32,632	148,120
Services and Support	7,957	4,445	6,540	6,548	5,320	10,718	8,849	9,409	7,917	8,825	6,100	13,847	96,475
Debt Service	5,705	0	198	3,851	0	0	62	0	198	289	0	1,896	12,199
Interfund Transfers	440	307	1,000	88	991	501	200	902	19	351	998	257	6,054
TAN Set Aside	0	0	0	0	0	0	0	0	0	0	0	50,000	50,000
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	458	458
Total Disbursements	17,193	8,259	16,647	21,651	17,450	32,974	20,317	21,778	19,164	20,925	17,858	99,090	313,306
Balance (end of month)	\$ 49,447	\$ 44,948	\$ 36,903	\$ 69,438	\$ 52,872	\$ 23,337	\$ 116,843	\$ 108,026	\$ 113,098	\$ 97,040	\$ 96,699	\$ 62,455	\$ 62,455
TAN Set Aside (Payment):													
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts	0	0	0	0	0	0	0	0	0	0	0	50,000	50,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	50,000	50,000
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(1) Includes \$40,550,123 in restricted reserves.

Note: This cashflow statement has been provided by the Smithtown CSD. The figures contained herein have not been audited by the District's auditors or its Municipal Advisor and are believed to be accurate as of the date hereof.

Source: Smithtown Central School District.

2022-2023 Cash Flow Statement

2022-2023 Monthly Cash Flow
 Projected
 (000's omitted)

	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Balance (beg. of month) ⁽¹⁾	\$ 62,455	\$ 34,460	\$ 29,208	\$ 15,974	\$ 55,133	\$ 28,326	\$ 5,690	\$ 89,209	\$ 93,344	\$ 96,569	\$ 80,317	\$ 71,169	\$ 62,455
<u>Receipts:</u>													
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 721	\$ 91,229	\$ 23,254	\$ 1,297	\$ 2,745	\$ 16,064	\$ 60,129	\$ 195,439
STAR Reimbursement	0	0	0	0	0	0	12,000	0	0	0	0	0	12,000
State Aid	230	3,036	5,976	1,988	242	1,751	243	297	19,219	51	132	4,577	37,742
Interfund Transfers	300	200	50	29	0	0	0	0	0	0	0	0	579
Other Receipts	948	195	222	535	383	223	397	282	552	587	389	417	5,130
NYS Wires/Grants	800	7	900	400	300	700	400	1,214	1,900	600	1,200	1,000	9,421
TAN Proceeds	0	0	0	60,000	0	0	0	0	0	0	0	0	60,000
Total Receipts	2,278	3,438	7,148	62,952	925	3,395	104,269	25,047	22,968	3,983	17,785	66,123	320,311
Balance and Receipts	64,733	37,898	36,356	78,926	56,058	31,721	109,959	114,256	116,312	100,552	98,102	137,292	382,766
<u>Disbursements:</u>													
Salaries and Benefits	3,064	3,674	10,680	11,800	17,700	15,605	11,800	11,800	11,550	11,800	17,300	25,691	152,464
Services and Support	8,108	4,716	8,504	7,689	9,077	9,876	8,750	8,310	7,917	8,044	6,135	10,890	98,016
Debt Service	2,537	0	198	3,949	0	0	0	0	198	197	2,949	1,928	11,956
Interfund Transfers	400	300	1,000	355	955	550	200	802	78	194	549	116	5,499
Transfer to EBLAR & WC Reserve	16,164	0	0	0	0	0	0	0	0	0	0	0	16,164
TAN Set Aside	0	0	0	0	0	0	0	0	0	0	0	60,000	60,000
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	1,000	1,000
Total Disbursements	30,273	8,690	20,382	23,793	27,732	26,031	20,750	20,912	19,743	20,235	26,933	99,625	345,099
Balance (end of month)	\$ 34,460	\$ 29,208	\$ 15,974	\$ 55,133	\$ 28,326	\$ 5,690	\$ 89,209	\$ 93,344	\$ 96,569	\$ 80,317	\$ 71,169	\$ 37,667	\$ 37,667
<u>TAN Set Aside (Payment):</u>													
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts	0	0	0	0	0	0	0	0	0	0	0	60,000	60,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	60,000	60,000
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0				

(1) Includes approximately \$40,785,570 in restricted reserves.

Note: This cashflow statement has been provided by the Smithtown CSD. The figures contained herein have not been audited by the District's auditors or its Municipal Advisor and are believed to be accurate as of the date hereof.

Source: Smithtown Central School District.

APPENDIX D

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

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/P11611642.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. R.S. Abrams & Co., 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.**

APPENDIX E

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE BONDS**

Hawkins Delafield & Wood LLP
7 World Trade Center @ 250 Greenwich Street, 41st floor
New York, New York 10007

October 4, 2022

The Board of Education of
the Smithtown Central School District, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Smithtown Central School District (the “School District”), in the County of Suffolk, New York, a school district of the State of New York, in connection with the authorization, sale, and issuance of the \$37,000,000 School District Serial Bonds-2022 (the “Bonds”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Bonds for purposes of this opinion. 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. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the

Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the School District will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

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

Very truly yours,

APPENDIX F

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE NOTES**

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

October 4, 2022

The Board of Education of
Smithtown Central School District,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Smithtown Central School District (the “School District”), in the County of Suffolk, a school district of the State of New York in connection with the authorization, sale and issuance of the \$60,000,000 Tax Anticipation Note for 2022-2023 Taxes (the “Note”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

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

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

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

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the

interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in said Note.

Very truly yours,

APPENDIX G

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

“EMMA” shall mean the 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 Smithtown Central School District, in the County of Suffolk, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, 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 September 22, 2022.

“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 **\$37,000,000 School District Serial Bonds-2022**, dated October 4, 2022, maturing in various principal amounts on June 1 in each of the years 2023 to 2037, 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 either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York to the EMMA System:

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending June 30, 2023, 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 no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; 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;
- (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 heading: "LITIGATION" and in APPENDIX A under the headings: "THE DISTRICT," "FINANCIAL FACTORS," "TAX INFORMATION," "DISTRICT INDEBTEDNESS" and "ECONOMIC AND DEMOGRAPHIC DATA" 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 New York State regulatory requirements or GAAP as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm.

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 (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 Securities 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 **October 4, 2022** .

SMITHTOWN CENTRAL SCHOOL DISTRICT

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

APPENDIX H

**FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS
FOR THE NOTES**

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Smithtown Central School District, in the County of Suffolk, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of the date hereof.

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

“Securities” shall mean the Issuer’s \$60,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated October 4, 2022, maturing on June 28, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through **Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021** to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;

- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers, or their failure to perform;
- vi. 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;
- vii. modifications to rights of Securities holders, if material;
- viii. Bond calls, if material, and tender offers;
- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Securities, if material;
- xi. rating changes;
- xii. 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;

- xiii. 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;

- xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. 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
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **October 4, 2022**.

SMITHTOWN CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education