

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 19, 2017

NEW ISSUE

TAX ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed upon such corporations. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The Notes WILL be designated by the District as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**NORTH SHORE CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

\$5,000,000*

**TAX ANTICIPATION NOTES FOR 2017-2018 TAXES
(the "Notes")**

Date of Issue: October 5, 2017

Maturity Date: June 21, 2018

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

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

If the Notes are issued 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(s).

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

Capital Markets Advisors, LLC has served a Financial Advisor to the District in connection with the issuance of the Notes.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the offices of DTC in Jersey City, New Jersey or as otherwise agreed to on the Date of Issue stated above.

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

Dated: September __, 2017

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

**NORTH SHORE CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

2017-18 Board of Education

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SARA JONES Vice President
Dr. HERMAN BERLINER Trustee
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HALEH B. STAMATIADI District Treasurer
INGERMAN SMITH LLP District Counsel

BOND COUNSEL

**HAWKINS DELAFIELD & WOOD LLP
New York, New York**

FINANCIAL ADVISOR

**CAPITAL MARKETS ADVISORS, LLC
Great Neck and New York, New York
(516) 487-9817**

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 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.

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OFFICIAL STATEMENT

NORTH SHORE CENTRAL SCHOOL DISTRICT NASSAU COUNTY, NEW YORK

Relating To

\$5,000,000*

TAX ANTICIPATION NOTES FOR 2017-2018 TAXES (the "Notes")

This Official Statement, including the cover page, inside cover page and appendices hereto, presents certain information relating to the North Shore Central School District in the County of Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$5,000,000* Tax Anticipation Notes for 2017-2018 Taxes (the "Notes").

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

THE NOTES

Description

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

The District will act as Paying Agent for the Notes. Paying agent fees, if any, for non-book-entry notes will be paid by the purchaser(s). The District's contact information is Ms. Olivia Buatsi, Assistant Superintendent for Business, telephone number (516) 277-7815, email: buatsio@northshoreschools.org.

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 2017-2018 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2017-2018 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 2017-2018 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.

*Preliminary, subject to change.

Nature of Obligation

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

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 Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. Chapter 97 of the 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 incurrence limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, such as the Notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*" herein.)

REMEDIES UPON DEFAULT

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

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

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (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, including the Notes, revenue anticipation notes or bond anticipation notes.

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

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

SECTION 99-B OF THE STATE FINANCE LAW

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

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

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

No Past Due Debt

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

Bankruptcy

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

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

BOOK-ENTRY-ONLY SYSTEM

In the event the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede

& Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

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

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

In addition, if and when a holder of any of the Notes should elect to sell a 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 Notes. The price or principal value of 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 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 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 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 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 “*Recent 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.

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon school districts, could have an impact upon the market price for the Notes. (See “*The Tax Levy Limit Law*” herein).

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. Except as otherwise set forth herein and apart from matters provided for by applicable insurance coverage, the attorneys for the District are unaware of any claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

1. Baldwin U.F.S.D., et al v. The County of Nassau, et al., Supreme Court, New York, Index No.: 3069-11.

The District is one of 18 school districts and one BOCES (collectively referred to herein as the “school districts”) challenging a Nassau County (the “County”) Ordinance that seeks to impose sewer service charges on certain entities, such as the school districts, that are exempt from ad valorem taxes. If the plaintiff school districts do not succeed in this challenge they may be required to pay sewer service charges. There are three other actions joined to this litigation for purposes of trial challenging the Ordinance on similar grounds involving one school district plaintiff and approximately nine non-municipal plaintiffs.

In 2011 the court issued a preliminary injunction, restraining and staying the enforcement of the Ordinance and the imposition/collection of sewer charges. The preliminary injunction, as issued by the court, was upheld by the Appellate Division and is currently in effect and, inter alia, prohibits the County from billing or collecting sewer charges during the pendency of the action. The lower court denied, as against the school districts, a motion by the County to vacate or modify the preliminary injunction to include damages allegedly incurred due to the preliminary injunction should it be determined that the preliminary injunction was erroneously granted and the plaintiffs were not entitled to the injunction. The Court ordered the non-municipal plaintiffs to jointly file an undertaking in the nominal amount of \$500.00. The lower court left open the possibility that if the school districts’ summary judgment motion did not dispose of the case, it would entertain a hearing on potential damages allegedly incurred because the County could not collect sewer charges during the pendency of the action.

The County has appealed the denial of its motion to vacate and/or modify the previously appealed and affirmed preliminary injunction. The County is seeking to fix potential damages relating to allegedly lost sewer charges in the collective amount of \$48,000,000.00 as against the school district plaintiffs and require the non-municipal plaintiffs to file an undertaking in the same amount, or, alternatively, modify the preliminary injunction to remove language that prohibits the imposition of sewer charges, interest or penalties during the pendency of the action. The appeal has been fully briefed and the parties are waiting for the Appellate Division to schedule dates for oral argument. The school districts and the plaintiffs in the joined actions have moved for summary judgment in the lower court seeking a declaration that the County Ordinance is invalid on a number of grounds and the County has crossed moved for summary judgment. The return date for these motions is October 10, 2017.

The County’s claim for and calculation of alleged damages is based upon an alleged draft 2013 sewer rate study conducted by the County’s independent contractor. The amount of the County’s alleged damages due to the preliminary injunction has not been analyzed, substantiated or validated by any court. The school districts, and the

plaintiffs in the joined actions, dispute this amount or any amount of damages on various grounds. As the County has acknowledged in its motion to the Appellate Division, the fixing of damages is not the imposition of liability or a determination of exact damages, which would not occur until after a determination of whether injunctive relief was warranted and a hearing is conducted. The Appellate Division held in the previous appeal regarding this preliminary injunction that “the Supreme Court providently exercised its discretion in granting the plaintiffs’ motion to preliminarily enjoin the defendants from enforcing the ordinance.” Baldwin Union Free School District v. County of Nassau et al., 120 A.D.3d. at 1168, 992 N.Y.S.2d. at 11. Therefore, the outcome and any potential impact on the District cannot be presently determined.

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 covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. 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 after the issue date to reflect any future action hereafter taken or not taken or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reasons. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note.

Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Notes of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Notes.

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

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

Note Premium

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

Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences,

in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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 Notes, the District will execute an Undertaking to Provide Notices of Events for the Notes, the form of which is attached hereto as Appendix D.

Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the District. Due to widespread knowledge of these rating actions, material event notices were not filed by the District in each instance.

The District has reviewed and modified its continuing disclosure practices to ensure that all material event notices are filed in a timely manner. The District has also corrected any past failures to file as required.

FINANCIAL ADVISOR

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

In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial 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 Financial Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Financial 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 Notes.

RATINGS

The District did not apply to Moody's Investors Service, Inc. (“Moody’s”) for a rating on the Notes.

On April 28, 2016, Moody’s affirmed the District’s credit rating of “Aa1”.

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, 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 such bonds or the availability of a secondary market for those bonds.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the District, its operations and the balances, receipts and disbursements of the various funds of the District are available for the public inspection at the business office of the District.

Additional information may be obtained from the Office of the Assistant Superintendent for Business, Ms. Olivia Buatsi, (516) 277-7815, or from the District’s Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9817.

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 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.

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

NORTH SHORE CENTRAL SCHOOL DISTRICT

By: _____
Antoinette Labbate
President of the Board of Education

DATED: September __, 2017

APPENDIX A

THE DISTRICT

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THE DISTRICT

General Information

In 1953, the former Union Free School Districts of Glen Head, Glenwood Landing and Sea Cliff were centralized to form the North Shore Central School District. The District is located approximately 20 miles east of New York City on the north shore of Long Island, in the Towns of North Hempstead and Oyster Bay in Nassau County. As of 2011, the District had an estimated population of 16,394, living in an area of roughly 9 square miles.

The District is largely residential in character and contains some small shopping centers. The District's largest industrial taxpayer is the Long Island Power Authority, whose main generating plant is located in Glenwood Landing. LIPA's property accounts for a significant portion of the District's assessed valuation. (See "TAX INFORMATION – LIPA's Glenwood Landing Power Plant – Ramp Down of Operations" herein).

Public transportation in and around the District is provided by the Long Island Railroad and the Metropolitan Transportation Authority bus service. The District is also in close proximity to New York City's two major airports, JFK International and LaGuardia. Gas and electric services are furnished by LIPA, and water is supplied by the American Water. Hospital facilities available to residents include North Shore University Hospital, St. Francis Hospital and Long Island Jewish Hospital. Police protection is provided by the Nassau County Police Department, and fire protection is provided by two volunteer fire departments. In addition to these governmental services, District residents have access to various recreational facilities, including public libraries, parks, marinas, yacht clubs and country clubs.

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 (the "Board"). 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. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and a 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 Business.

Financial Statements and Accounting Procedures

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

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of 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 “*Tax Levy Limit Law*” herein.)

On May 17, 2016, a majority of the voters of the District approved the District’s budget for the 2016-2017 fiscal year. On May 16, 2017, a majority of the voters of the District approved the District’s budget for the 2017-2018 fiscal year. Summaries of the District’s Adopted Budgets for the fiscal years 2016-17 and 2017-18 may be found in Appendix B, herein.

School Enrollment Trends

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

<u>School Enrollment Trends</u>			
<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2013-14	2,738	2018-19	2,600
2014-15	2,705	2019-20	2,585
2015-16	2,722	2020-21	2,568
2016-17	2,673	2021-22	2,529
2017-18	2,636		

Source: District records and estimates.

District Facilities

The District currently operates the following facilities:

<u>School Statistics</u>			
<u>Name</u>	<u>Capacity</u>	<u>Grades</u>	<u>Year Built/Rebuilt</u>
Glen Head School	454	K-5	1926, 1952, 1990, 2002
Glenwood Landing School	510	K-5	1929, 1952, 1990, 2001
Sea Cliff School	398	K-5	1911, 1928, 1990, 2001
North Shore Middle School	626	6-8	1956, 1962, 1990, 2000
North Shore High School	784	9-12	1955, 1990, 2001
Administration Building	N/A	N/A	1922, 1990
Bus Garage	N/A	N/A	1952
Transportation Facility	N/A	N/A	2008

Source: District Officials.

Employees

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

Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
376	North Shore Schools Federated Employees	6/30/2020
60	North Shore Schools Federated Employees Secretarial Unit	6/30/2017 ⁽¹⁾
24	North Shore Schools Administrators Council	6/30/2016 ⁽¹⁾
37	United Public Service Employees Union	6/30/2016 ⁽¹⁾
38	North Shore Schools Cafeteria Workers Association	6/30/2016 ⁽¹⁾
31	North Shore Schools Part-Time Bus Drivers Association	6/30/2016 ⁽¹⁾
26	North Shore Schools Part-Time Cleaners	6/30/2016 ⁽¹⁾
136	North Shore Schools Paraprofessionals Association	6/30/2017 ⁽¹⁾

(1) 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, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. 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; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

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

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help

mitigate the impact of such increases, 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 21 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.

Other Post Employment Benefits

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

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every 2 years for the District.

The District is in compliance with the requirements of GASB 45. The District has determined that its actuarial accrued liability (“AAL”) for OPEB as of July 1, 2015 was \$91,929,097. For the year ended June 30, 2016, the District's ARC was \$9,693,965.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its actuarial accrued OPEB liability. In addition, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post employment benefits. The State Comptroller’s proposal 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 State Comptroller’s proposal, there are no limits on how much a local government can deposit into the trust.

Investment Policy Permitted Investments

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 and 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 installments 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 and 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 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.

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, 2016 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives the major portion of its revenues from a tax on real property (See “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). On June 24, 2011, Chapter 97 of the Laws of 2011 was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*,” herein). Property taxes accounted for 94.0% of total general fund revenues for the fiscal year ended June 30, 2016, while State aid accounted for 4.9%.

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

Real Property Taxes

Fiscal Year <u>Ended June 30:</u>	Total <u>Revenues</u>	Real Property <u>Taxes⁽¹⁾</u>	Real Property <u>Taxes to Revenues</u>
2012	\$88,330,829	\$83,485,440	94.5%
2013	91,318,661	85,147,135	93.2
2014	95,341,787	87,998,641	92.3
2015	98,030,317	89,679,091	89.4
2016	95,955,089	90,240,903	94.0
2017 (Adopted Budget)	99,494,105	91,226,783 ⁽²⁾	91.7
2018 (Adopted Budget)	102,113,515	92,794,308	90.9

- (1) Inclusive of Other Real Property Tax Items, which represents STAR aid payments made to the District by the State. (See “*STAR – School Tax Exemption*” herein.)
- (2) After restatement for LIPA PILOTs as discussed herein. (See “*Long Island Power Authority PILOT Payments*” herein.)

Source: Audited Financial Statements and Adopted Budgets. Summary itself is not audited.

State Aid

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

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

State Aid			
Fiscal Year <u>Ended June 30:</u>	Total <u>Revenues</u>	<u>State Aid</u>	State Aid <u>to Revenues</u>
2012	\$88,330,829	\$3,463,788	3.9%
2013	91,318,661	3,571,243	3.9
2014	95,345,826	6,187,248	6.5
2015	98,030,317	6,963,771	7.1
2016	95,955,089	4,738,517	4.9
2017 (Adopted Budget)	99,494,105	4,898,181	4.9
2018 (Adopted Budget)	102,113,515	5,331,389	5.2

Source: Audited Financial Statements and Adopted Budgets. 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 District has received timely STAR aid from the State for the current fiscal year.

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 could be affected by a delay in the adoption of the State budget or 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.

Potential reductions in Federal aid received by the State. The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

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 new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other medicaid rules.

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

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

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity (“CFE”) v. State of New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of

Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* (“CFE”) v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State’s public school students and is scheduled to be heard on appeal on May 30, 2017. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting New York School Districts

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.

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

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

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

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

School district fiscal year (2017-2018): The State’s 2017-2018 Enacted Budget provides for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State’s usual

practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continues to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financing of the State and School Districts of the State*" herein).

Gap Elimination Aid: The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under existing State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequently, State budgets decreased the amount of the GEA deduction and the Adopted Budget for the State's 2016-2017 fiscal year eliminated the remaining balance of the GEA.

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 SSBA requires that a Review Board review and approve districts' Smart Schools Investment Plan before any funds may be made available for the program.

General Fund Operations

Appendix B sets forth the General Fund operations for the last five fiscal years which are derived from the District's General Purpose Financial Statements on file in the Superintendent's office.

Other Revenues

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

Independent Audits

The District retains the firm of R. S. Abrams & Company, LLP to audit its financial statements. Appendix B to the Official Statement presents excerpts from the District's most recent audited reports covering the last five fiscal years. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. The link to the District's General Purpose Financial Statements for the fiscal year ended June 30, 2016 are available upon request to the District's Financial Advisor.

Cash Flow Projections

The cash flow summaries of the District for the 2016-2017 and 2017-2018 fiscal years, including tax anticipation borrowings and repayment thereof, are set forth in Appendix B. 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.

TAX INFORMATION

Real Property Tax Assessments and Rates

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.

Real Property Tax Assessment and Rates

Town of North Hempstead

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value	\$2,741,850	\$2,733,057	\$1,822,155	\$1,677,633	\$1,391,487
Equalization Rate	0.32%	0.32%	0.31%	0.29%	0.27%
Full Value	856,828,125	854,080,312	587,791,936	561,252,759	515,365,555
Tax Levy	20,545,334	21,298,035	17,953,823	16,017,320	15,017,319
Tax Rate ⁽¹⁾	7,493.24	7,792.75	9,853.07	9,840.87	10,792.28

Town of Oyster Bay

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value	\$11,660,056	\$11,431,626	\$11,161,845	\$10,585,656	\$10,132,407
Equalization Rate	0.31%	0.31%	0.30%	0.27%	0.26%
Full Value	3,761,308,387	3,687,621,290	3,720,615,000	3,920,613,333	3,897,079,615
Tax Levy	63,081,857	65,261,622	69,932,243	66,034,136	69,480,772
Tax Rate ⁽¹⁾	5,410.08	5,708.87	6,265.29	6,238.08	6,857.28

Total Assessed Value	\$14,401,906	\$14,164,683	\$12,984,000	\$12,213,289	\$11,523,894
Total Levy	83,627,191	86,559,657	87,886,066	82,051,456	84,498,092
Total Full Value	4,618,136,512	4,541,701,602	4,308,406,936	4,481,866,092	4,412,445,171

(1) Per \$1,000 Assessed Value.

Source: New York State Department of Real Property Services and District Officials.

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

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

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

the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, 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.

Tax Collection Procedure

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

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

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "government efficiency plan" which demonstrated three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer's personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of Chapter 97.

While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

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.

Approximately 4.90% of the District’s 2016-2017 school tax levy was exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State. Approximately 4.91% of the District’s 2017-2018 school tax levy (after adjustment for the Long Island Power Authority PILOT payments) will be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2018. (See “State Aid” herein).

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Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the District's largest taxpayers for the 2016-2017 fiscal year.

<u>Taxable Assessments</u>			
<u>Taxpayer Name</u>	<u>Nature of Business</u>	<u>Total Assessed Valuation</u>	<u>% of Assessed Valuation⁽¹⁾</u>
Keyspan Gas East Corp/National Grid	Utility	\$ 964,525	10.07%
Long Island Power Authority	Utility	267,362	1.55
Knolls Glen Head Owner Corp	Cooperative Apts	206,599	1.69
Sea Cliff Water Company	Utility	181,501	1.47
Aumont Holdings LLC	Commercial	90,000	0.74
North Shore Pooh LLC	Country Club	49,861	0.45
Glen Head Country Club	Country Club	46,546	0.38
Global Companies LLC	Commercial	46,360	0.42
Old Cedar Development Corp	Real Estate Development	46,013	0.38
Brookville Land Corp	Country Club	<u>44,874</u>	<u>0.37</u>
Totals		<u>\$1,943,641</u>	<u>16.86%</u>

(1) The District's total assessed value for the 2016-2017 fiscal year is \$11,523,894.

LIPA’s Glenwood Landing Power Plant – Ramp Down of Operations

In June 2012, one of the District’s largest taxpayers, the Long Island Power Authority (“LIPA”), began ramping down operations at its North Shore steam generating power plant located in Glenwood Landing in the District (the “Glenwood Plant”). The closure of the Glenwood Plant resulted in a reduction of approximately 30% in the assessed value of Class 3 properties (utilities) located in the District. According to District officials, class three properties currently pay approximately \$17 million in taxes and \$6.6 million in PILOTs to the District. Other Class 3 properties (utilities), mostly consisting of other properties owned by LIPA and its subsidiaries as well as the water company, will be mainly responsible for the increased tax burden due to the decrease in the District’s total assessed valuation. Other classes of property, including residential and commercial properties, will be minimally impacted by the reduction in the District’s total assessed valuation.

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid within three fiscal year periods, 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. 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. No installment may be more than fifty per cent in excess of the smallest prior installment, unless the Board of Education provides for substantially level or declining debt service

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

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

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$441,244,517 as of September 19, 2017. This is calculated by taking 10% of the current full value of the District.

Statutory Debt Limit and Net Indebtedness

Full Valuation of Taxable Real Property		\$4,412,445,171
Debt Limit (10% of Full Valuation)		441,244,517
Outstanding Indebtedness ⁽¹⁾ (Principal Only):		
Bonds	\$25,970,000	
Bond Anticipation Notes	<u>0</u>	
Gross Indebtedness		25,970,000
Less Exclusion for Estimated Building Aid ⁽²⁾		<u>0</u>
Total Net Indebtedness		<u>25,970,000</u>
Net Debt-Contracting Margin		<u>\$ 415,274,517</u>
Percentage of Debt-Contracting Margin Exhausted		<u>5.89%</u>

- (1) Tax and revenue anticipation notes and operating leases are not included in the computation of gross indebtedness.
- (2) The District anticipates that it will receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law. However, since the District has not applied for a building aid exclusion certificate from the Commissioner of Education, the District may not exclude such portion from the gross indebtedness. State aid for building purposes is currently estimated by District officials at 10% of the District's applicable outstanding indebtedness.

Bond Anticipation Notes

The District currently has no outstanding bond anticipation notes.

Tax Anticipation Notes

In common with other school districts in the State, the District finds it necessary to borrow in anticipation of the receipt of its tax levy. In the past, the District has paid all notes on their due date. The following is a history of the District's tax anticipation note borrowing during the last five fiscal years.

Borrowing History

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Maturity Date</u>
2013	07/10/2012	\$7,000,000	06/20/2013
2014	07/18/2013	7,000,000	06/20/2014
2015	07/17/2014	7,000,000	06/19/2015
2016	07/16/2015	5,000,000	06/21/2016
2017	10/05/2016	5,000,000	06/22/2017

Source: Audited Financial Statements of the District. Summary itself is not audited.

Trend of Outstanding Indebtedness

Direct Capital Indebtedness Outstanding

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽¹⁾</u>
Bonds:	\$21,705,000	\$18,410,000	\$21,475,000	\$31,076,259	\$28,235,000
Bond Anticipation Notes:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$21,705,000</u>	<u>\$18,410,000</u>	<u>\$21,475,000</u>	<u>\$31,076,259</u>	<u>\$28,235,000</u>

(1) Unaudited.

Source: Audited Financial Statements of the District. Summary itself is not audited.

Direct and Overlapping Indebtedness

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>District Share</u>	<u>Amount Applicable To District</u>
Nassau County	\$3,593,312,000	04/30/17	2.41%	\$ 86,598,819
North Hempstead Town	251,629,685	03/14/17	2.78	6,995,305
Oyster Bay Town	636,552,307	06/13/17	6.63	42,203,418
Old Brookville Village	4,960,000	05/31/16	20.00	992,000
Sea Cliff Village	2,222,667	05/31/16	100.00	<u>2,222,667</u>
Total Net Overlapping Debt				139,012,209
Total Net Direct Debt				<u>25,970,000</u>
Net Direct and Overlapping Debt				<u>\$164,982,209</u>

Source: Data provided by County, Town and Village officials and the Comptroller's Special Report on Municipal Affairs.

Debt Ratios

The following table sets forth certain debt ratios relating to the District's direct and overlapping indebtedness:

	<u>Amount</u>	<u>Per Capita⁽¹⁾</u>	<u>Percentage of Full Value⁽²⁾</u>
Net Direct Debt	\$ 25,970,000	\$ 1,584	0.59%
Net Direct and Overlapping Debt	164,982,209	10,064	3.74

(1) The population of the District is estimated to be approximately 16,394 by District officials.

(2) The District's full value of taxable real property for fiscal year 2016-2017 is \$4,412,445,171.

Authorized but Unissued Debt

The District has no authorized but unissued debt.

Debt Service Schedule

The following table sets forth the debt service requirements to maturity on the District's outstanding bonded indebtedness, exclusive of refunded bonds.

Bond Principal and Interest Maturity

Fiscal Year			
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 ⁽¹⁾	\$ 3,050,000	\$ 776,399	\$ 3,826,399
2019	3,080,000	676,103	3,756,103
2020	2,360,000	584,757	2,944,757
2021	2,445,000	506,150	2,951,150
2022	2,520,000	424,360	2,944,360
2023	2,595,000	349,361	2,944,361
2024	1,925,000	296,472	2,221,472
2025	1,965,000	256,625	2,221,625
2026	1,370,000	222,025	1,592,025
2027	1,410,000	186,600	1,596,600
2028	1,445,000	143,775	1,588,775
2029	1,490,000	99,750	1,589,750
2030	1,530,000	54,450	1,584,450
2031	<u>1,050,000</u>	<u>15,750</u>	<u>1,065,750</u>
Total	<u>\$28,235,000</u>	<u>\$4,592,577</u>	<u>\$32,827,577</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the District. Summary itself is not audited.

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Energy Performance Contract

The following table shows the debt service requirements to maturity on the District's outstanding energy performance contract.

**Energy Performance Contract
Principal and Interest Maturity Table**

Fiscal Year			
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 ⁽¹⁾	\$ 288,537	\$ 94,973	\$ 383,510
2019	299,328	84,182	383,510
2020	310,525	72,985	383,510
2021	322,139	61,371	383,510
2022	334,188	49,322	383,510
2023	346,688	36,822	383,510
2024	359,656	23,854	383,510
2025	<u>373,107</u>	<u>10,403</u>	<u>383,510</u>
Total	<u>\$ 2,634,168</u>	<u>\$ 433,912</u>	<u>\$ 3,068,080</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the District. Summary itself is not audited.

ECONOMIC AND DEMOGRAPHIC DATA

Largest Employers

Major Employers in District

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
AHRC	School	28
Brookville Country Club	Country Club	53
First National Bank of Long Island	Bank	103
Glen Head Country Club	Country Club	50-60
Halm Industries Co. Inc	Printing	75
Incorporated Village of Sea Cliff	Municipality	67
North Shore CSD	School	687
North Shore Country Club	Country Club	50
Swan Club	Catering Hall	70
Waldbaums	Food Market	77

Source: Metro New York Directory of Manufacturers.

Population

In past years, population of the Towns, County and State, in which the District is situated, has shown the following trends.

Population Trend

	<u>2000</u>	<u>2011</u>	<u>% Change 2000/2011</u>
North Hempstead Town	222,611	227,164	2.0%
Oyster Bay Town	293,925	294,297	0.1
County	1,334,544	1,344,436	0.7
State	18,976,457	19,465,197	2.6

Source: U.S. Census Bureau.

Income

The following table presents per capita and median household money income for the Towns, County and State. Data provided for the Towns, County and State is not necessarily representative of the District.

Median Household Income

	<u>2000</u>	<u>2011</u>	<u>% Change 2000/2011</u>
North Hempstead Town	\$ 81,039	\$ 96,422	19.0%
Oyster Bay Town	78,839	101,802	29.1
County	72,030	91,414	26.9
State	43,393	55,246	27.3

Source: U.S. Census Bureau.

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Towns, County, and State. Data provided for the Towns, County and State is not necessarily representative of the District.

Civilian Labor Force

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town of North Hempstead	111,000	111,500	110,700	112,700	112,700
Town of Oyster Bay	152,400	152,700	151,800	154,300	154,200
County	693,600	695,100	689,300	699,600	699,000
State	9,612,200	9,623,100	9,570,700	9,591,200	9,584,500

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Unemployment rates are not compiled for the District, but are available for the Towns, County and State. The following Table is not necessarily representative of the District.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town of North Hempstead</u>	<u>Town of Oyster Bay</u>	<u>County</u>	<u>State</u>
2012	6.3%	6.6%	7.0%	8.5%
2013	5.4	5.5	5.9	7.7
2014	4.4	4.4	4.8	6.3
2015	3.9	3.9	4.2	5.3
2016	3.6	3.7	3.9	4.8

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Monthly Unemployment Rates

<u>Month</u>	<u>Town of North Hempstead</u>	<u>Town of Oyster Bay</u>	<u>County</u>	<u>State</u>
August 2016	3.6%	3.8%	4.0%	4.9%
September	3.9	3.9	4.1	4.9
October	3.7	3.7	3.9	4.8
November	3.5	3.5	3.7	4.5
December	3.4	3.5	3.6	4.5
January 2017	3.9	3.8	4.1	4.9
February	4.1	3.9	4.3	5.0
March	3.4	3.4	3.7	4.4
April	3.4	3.5	3.7	4.2
May	3.5	3.6	3.8	4.3
June	3.8	3.9	4.1	4.5
July	3.9	4.1	4.3	4.9

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

END OF APPENDIX A

APPENDIX B*
FINANCIAL STATEMENT SUMMARIES
AND
CASH FLOW STATEMENTS

*** Appendix B is not audited.**

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North Shore Central School District, New York
Statement of Budgeted Revenues and Expenses
General Fund
Fiscal Year Ending June 30:

	<u>ADOPTED</u> 2017 ⁽¹⁾	<u>ADOPTED</u> 2018 ⁽³⁾
Revenues		
Real Property Taxes	\$ 84,498,091 ⁽²⁾	\$ 84,488,575
PILOTs	6,728,692 ⁽²⁾	8,305,733
State Sources	4,898,181	5,331,389
Miscellaneous	602,935	827,000
Tuition and Fees	200,000	250,000
Appropriated Fund Balance	<u>2,566,206</u>	<u>2,910,818</u>
Total Revenues	<u>\$ 99,494,105</u>	<u>\$ 102,113,515</u>
Expenditures		
General Support	\$9,569,310	\$9,924,738
Instruction	58,199,480	60,035,080
Transportation	2,943,617	2,898,903
Community Services	34,000	53,000
Employee Benefits	24,311,689	25,116,884
Debt Service	<u>4,436,010</u>	<u>4,084,910</u>
Total Expenditures	<u>\$99,494,105</u>	<u>\$102,113,515</u>

(1) Approved by voters of the District on May 17, 2016.

(2) After reclassification of the LIPA PILOTs. See "Long Island Power Authority LIPA Payments" herein.

(3) Approved by voters of the District on May 16, 2017.

Sources: Adopted and Proposed Budgets of the District.

**North Shore Central School District, New York
Consolidated Balance Sheet
General Fund
Fiscal Year Ending June 30:**

	<u>2015</u>	<u>2016</u>
Assets		
Unrestricted Cash	\$22,711,794	\$19,913,079
Restricted Cash	13,785,055	15,996,622
State and Federal Aid Receivable	843,347	540,128
Due from Other Funds	1,338,753	1,201,748
Due from Other Governments	157,713	1,963,647
Accounts Receivable	6,858	32,427
Taxes Receivable	<u>1,845,833</u>	<u>2,179,992</u>
Total Assets	<u><u>\$40,689,353</u></u>	<u><u>\$41,827,643</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$1,232,865	\$1,933,677
Accrued Liabilities	709,339	738,640
Due to Other Funds	315,116	30,990
Due to Other Governments	1,236,343	1,048,673
Due Teachers' Retirement System	7,433,560	5,935,059
Due Employees' Retirement System	583,133	509,288
Other Liabilities	<u>2,600</u>	<u>2,600</u>
Total Liabilities	<u><u>\$11,512,956</u></u>	<u><u>\$10,198,927</u></u>
Deferred Inflows of Resources		
Deferred revenues	1,475,205	2,626,225
Unavailable revenue	<u>310,350</u>	<u>291,431</u>
Total Deferred Inflows of Resources	<u><u>1,785,555</u></u>	<u><u>2,917,656</u></u>
Fund Balance		
Nonspendable	0	0
Restricted	13,785,055	15,757,132
Assigned	9,702,764	8,974,162
Unassigned	<u>3,903,023</u>	<u>3,979,766</u>
Total Fund Balance	<u><u>\$27,390,842</u></u>	<u><u>\$28,711,060</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$40,689,353</u></u>	<u><u>\$41,827,643</u></u>

Source: Audited Financial Statements of the District. Summary itself is not audited.

North Shore Central School District, New York
Consolidated Statement of Revenues, Expenses and Fund Balances
General Fund
Fiscal Year Ending June 30:

	2012	2013	2014	2015	2016
Revenues					
Real Property Taxes	\$77,889,717	\$79,500,366	\$82,234,809	\$84,048,713	\$77,971,864
STAR Reimbursement	5,595,723	5,646,769	5,763,832	5,630,378	0
Other Tax Items	0	0	0	0	12,269,039
Charges for Services	464,677	416,731	362,389	375,806	315,836
Use of Money and Property	145,615	110,108	121,879	125,435	117,595
Sales of Property and Comp. for Loss	41,178	9,342	12,730	32,758	53,706
Federal Sources	4,584	21,044	73,035	12,673	11,135
Miscellaneous	725,547	2,043,058	585,865	840,783	477,397
State Aid	3,463,788	3,571,243	6,187,248	6,963,771	4,738,517
Total Revenues	88,330,829	91,318,661	95,341,787	98,030,317	95,955,089
Other Sources					
Operating Transfer In	362,099	0	5,039	166,199	0
Total Revenues and Other Sources	\$88,692,928	\$91,318,661	\$95,346,826	\$98,196,516	\$95,955,089
Expenditures					
General Support	\$8,303,699	\$8,236,274	\$8,701,236	\$8,552,202	\$8,992,036
Instruction	52,382,347	51,713,021	52,716,228	53,472,374	55,199,567
Pupil Transportation	2,573,758	2,466,088	2,535,420	2,538,497	2,595,445
Community Services	37,717	30,074	24,821	20,779	25,196
Employee Benefits	19,106,999	20,193,834	21,783,984	22,415,746	22,002,965
Debt Service	38,986	31,601	29,779	22,594	33,439
Total Expenditures	82,443,506	82,670,892	85,791,468	87,022,192	88,848,648
Other Uses					
Operating Transfers Out	5,101,013	4,819,854	5,157,136	8,529,428	5,786,223
Total Expenditures and Other Uses	\$87,544,519	\$87,490,746	\$90,948,604	\$95,551,620	\$94,634,871
Excess (Deficit) Revenues & Other Sources					
Over Expenditures and Other Uses	\$1,148,409	\$3,827,915	\$4,398,222	\$2,644,896	\$1,320,218
Other Changes in Fund Balance					
Inc (Dec) Prior Period Adjustment	0	0	0	0	0
Net Increase (Decrease)	\$1,148,409	\$3,827,915	\$4,398,222	\$2,644,896	\$1,320,218
Fund Balance - Beginning of Year	\$15,371,400	\$16,519,809	\$20,347,724	\$24,745,946	\$27,390,842
Balance End of Fiscal Year	\$16,519,809	\$20,347,724	\$24,745,946	\$27,390,842	\$28,711,060

Source: Audited Financial Statements District. Summary itself is not audited.

**NORTH SHORE CENTRAL SCHOOL DISTRICT
FISCAL YEAR 2016-2017 ACTUAL CASH FLOW**

MONTH	JULY	AUG	SEP	OCT	NOV 1-6	NOV 7-30	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
BALANCE (Beginning) (1)	\$20,152,569	\$19,432,164	\$18,056,003	\$12,309,516	\$9,406,370	\$2,957,809	\$20,643,892	\$19,568,889	\$20,594,733	\$16,222,187	\$10,684,062	\$10,844,748	\$30,882,101	\$20,152,569
RECEIPTS														
Property Taxes	\$0	\$0	\$0	\$3,200,000	\$0	\$26,500,000	\$8,919,043	\$25,000	\$0	\$0	\$7,250,000	\$27,849,458	\$4,518,906	\$78,262,408
Star	0	0	0	0	0	0	0	4,144,110	0	0	0	0	0	4,144,110
State Aid	0	258,306	71,549	17,968	0	17,968	375,173	0	17,968	736,200	0	0	234,654	1,729,787
Other Revenue	453,439	2,308,382	1,573,277	836,700	238,873	82,079	356,310	3,859,710	2,227,462	779,619	228,010	357,602	5,327,801	18,629,266
Note Proceeds-TANs	5,024,052	0	0	0	0	0	0	0	0	0	0	0	0	5,024,052
TOTAL RECEIPTS	\$5,477,491	\$2,566,687	\$1,644,826	\$4,054,669	\$238,873	\$26,600,047	\$9,650,527	\$8,028,820	\$2,245,430	\$1,515,819	\$7,478,010	\$28,207,061	\$10,081,362	\$107,789,623
DISBURSEMENTS														
Operating Expenses	\$4,396,134	\$3,285,017	\$7,391,313	\$6,957,815	\$6,545,679	\$8,913,964	\$9,784,435	\$6,830,758	\$6,527,845	\$7,053,944	\$7,317,325	\$7,496,858	\$16,169,340	\$98,670,426
Debt Service	1,801,763	657,832	0	0	0	0	941,095	172,219	90,131	0	0	0	149,550	3,812,589
Energy Performance Contract	0	0	0	0	141,755	0	0	0	0	0	0	191,755	0	333,510
Transfer to Note Payment Acct	0	0	0	0	0	0	0	0	0	0	0	481,094	4,518,906	5,000,000
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	0	62,465	62,465
TOTAL DISBURSEMENTS	\$6,197,896	\$3,942,848	\$7,391,313	\$6,957,815	\$6,687,434	\$8,913,964	\$10,725,530	\$7,002,976	\$6,617,976	\$7,053,944	\$7,317,325	\$8,169,707	\$20,900,262	\$107,878,990
BALANCE (Ending)	\$19,432,164	\$18,056,003	\$12,309,516	\$9,406,370	\$2,957,809	\$20,643,892	\$19,568,889	\$20,594,733	\$16,222,187	\$10,684,062	\$10,844,748	\$30,882,101	\$20,063,202	\$20,063,202
NOTE PAYMENT ACCOUNT (2)														
Balance (Beginning)	0	0	0	0	0	0	0	0	0	0	0	0	481093.73	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	481,094	4,518,906	5,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Balance(Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$481,094	\$0	\$0

- (1) Balance as of June 30, 2016. Exclusive of all General Fund Restricted reserves.
(2) The Note Payment Account reflects the amounts set aside to pay the principal of 2016-2017 tax anticipation notes at their maturity.
The interest on such notes is not reflected in the Note Payment Account, but is recorded as a disbursement in the schedule above.

**NORTH SHORE CENTRAL SCHOOL DISTRICT
FISCAL YEAR 2017-2018 PROJECTED CASH FLOW**

MONTH	JULY	AUG	SEP	OCT	NOV 1-7	NOV 8-30	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
BALANCE (Beginning) (1)	\$20,063,202	\$14,385,946	\$12,923,969	\$5,628,969	\$4,281,938	\$590,183	\$19,426,136	\$20,016,586	\$21,340,321	\$16,980,864	\$11,517,064	\$11,977,064	\$35,004,775	\$20,063,202
RECEIPTS														
Property Taxes	\$0	\$0	\$0	\$200,000	\$3,000,000	\$27,000,000	\$10,500,000	\$25,000	\$0	\$0	\$7,250,000	\$27,849,458	\$4,520,007	\$80,344,465
Star	0	0	0	0	0	0	0	4,144,110	0	0	0	0	0	4,144,110
State Aid	0	250,000	70,000	17,968	0	15,000	375,000	0	17,968	736,200	0	2,500,000	250,000	4,232,137
Other Revenue	144,963	2,293,154	135,000	435,000	0	320,953	350,000	3,800,000	2,200,000	800,000	210,000	350,000	200,000	11,239,070
Note Proceeds-TANs	0	0	0	5,000,000	0	0	0	0	0	0	0	0	0	5,000,000
TOTAL RECEIPTS	\$144,963	\$2,543,154	\$205,000	\$5,652,968	\$3,000,000	\$27,335,953	\$11,225,000	\$7,969,110	\$2,217,968	\$1,536,200	\$7,460,000	\$30,699,458	\$4,970,007	\$104,959,782
DISBURSEMENTS														
Operating Expenses	\$4,000,000	\$3,300,000	\$7,500,000	\$7,000,000	\$6,500,000	\$8,500,000	\$9,700,000	\$6,500,000	\$6,500,000	\$7,000,000	\$7,000,000	\$7,000,000	\$16,000,000	\$96,500,000
Debt Service	1,822,219	705,131	0	0	0	0	934,550	145,375	77,425	0	0	0	141,700	3,826,400
Energy Performance Contract	0	0	0	0	191,755	0	0	0	0	0	0	191,755	0	383,510
Transfer to Note Payment Acct	0	0	0	0	0	0	0	0	0	0	0	479,993	4,520,007	5,000,000
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	0	70,000	70,000
TOTAL DISBURSEMENTS	\$5,822,219	\$4,005,131	\$7,500,000	\$7,000,000	\$6,691,755	\$8,500,000	\$10,634,550	\$6,645,375	\$6,577,425	\$7,000,000	\$7,000,000	\$7,671,748	\$20,731,707	\$105,779,910
BALANCE (Ending)	\$14,385,946	\$12,923,969	\$5,628,969	\$4,281,938	\$590,183	\$19,426,136	\$20,016,586	\$21,340,321	\$16,980,864	\$11,517,064	\$11,977,064	\$35,004,775	\$19,243,075	\$19,243,075
NOTE PAYMENT ACCOUNT (2)														
Balance (Beginning)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$479,993	\$0
Receipts	0	0	0	0	0	0	0	0	0	0	0	479,993	4,520,007	5,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Balance(Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$479,993	\$0	\$0

(1) Balance as of June 30, 2017. Exclusive of all General Fund Restricted reserves.

(2) The Note Payment Account reflects the amounts set aside to pay the principal of 2017-2018 tax anticipation notes at their maturity. The interest on such notes is not reflected in the Note Payment Account, but is recorded as a disbursement in the schedule above.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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Form of Opinion of Bond Counsel - Notes

October 5, 2017

The Board of Education of
North Shore Central School District,
in the County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the North Shore Central School District (the “School District”), in the County of Nassau, a school district of the State of New York in connection with the authorization, sale and issuance of the \$5,000,000 Tax Anticipation Note for 2017-2018 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 imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

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.

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

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

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

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

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UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“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 North Shore Central School District, in the County of Nassau, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of 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 \$5,000,000 Tax Anticipation Note for 2017-2018 Taxes, dated October 5, 2017, maturing on June 21, 2018, 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; and
- xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(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 5, 2017**.

NORTH SHORE CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education