

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"), (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 and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax, and, however, is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. See "Tax Matters" herein. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes.

The Notes will NOT be designated by the District as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.

**SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK
SUFFOLK COUNTY, NEW YORK**

\$10,000,000*

**BOND ANTICIPATION NOTES FOR SCHOOL CONSTRUCTION – 2010
(the "BANs")**

Date of Issue: August 26, 2010

Maturity Date: August 26, 2011

AND

\$48,000,000*

**TAX ANTICIPATION NOTES FOR 2010-2011 TAXES
(the "TANs" and collectively with the BANs, referred to as the "Notes")**

Date of Issue: August 26, 2010

Maturity Date: June 23, 2011

The Notes are general obligations of the Sachem Central School District at Holbrook, Suffolk County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon 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, without limitation as to rate or amount.

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

The BANs are dated August 26, 2010 and bear interest from that date until August 26, 2011, at the annual rate as specified by the purchaser of the BANs. The TANs are dated August 26, 2010 and bear interest from that date until June 23, 2011, at the annual rate as specified by the purchaser of the TANs. The Notes will not be subject to redemption prior to maturity.

Hawkins Delafield & Wood LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto. Capital Markets Advisors, LLC has served as 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 purchasers 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 New York, New York on or about August 26, 2010.

THIS 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: August 10, 2010

* Preliminary subject to change.

**SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK
SUFFOLK COUNTY, NEW YORK**

BOARD OF EDUCATION

**ROBERT SCAVO
President**

James LaCarrubba.....	Vice President
Douglas Duncan, Jr.....	Board Member
David Egloff.....	Board Member
Anthony Falco.....	Board Member
Christine Lampitelli	Board Member
Michael Licata	Board Member
Michael Timo.....	Board Member
Sal Tripi	Board Member

James J. Nolan	Superintendent of Schools
Bruce H. Singer.....	Associate Superintendent for Business
Ronald G. Sacks.....	School Business Administrator
Joan Bencze	Senior Accountant
Diane Kollmer.....	District Treasurer
Carol Adelberg.....	District Clerk

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 District. 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 hereof.

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OFFICIAL STATEMENT

SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK SUFFOLK COUNTY, NEW YORK

\$10,000,000*

BOND ANTICIPATION NOTES FOR SCHOOL CONSTRUCTION – 2010
(the “BANs”)

AND

\$48,000,000*

TAX ANTICIPATION NOTES FOR 2010-2011 TAXES
(the “TANs” and collectively with the BANs, referred to as the “Notes”)

[Book-Entry-Only Notes]

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the Sachem Central School District at Holbrook, in the County of Suffolk, in the State of New York (the “District”, “County” and “State,” respectively) in connection with the sale of \$10,000,000* Bond Anticipation Notes for School Construction – 2010 (the “BANs”) and \$48,000,000* Tax Anticipation Notes for 2010-2011 Taxes (the “TANs” and collectively with the BANs, referred to as 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 BANs will be dated August 26, 2010 and will mature, without option of prior redemption, on August 26, 2011. The TANs will be dated August 26, 2010 and will mature, without option of prior redemption, on June 23, 2011. The Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as Securities Depository (defined herein) for the Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in the Notes.

Principal of and interest on the Notes will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent distribution to the Beneficial Owners of the Notes as described under “Book-Entry-Only System,” herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the District referred to therein.

* Preliminary, subject to change.

Authority for and Purpose – The BANs

The BANs are issued pursuant to the Constitution and laws of the State, and a bond resolution adopted by the Board of Education of the District on March 18, 2008, following approval of a proposition by a majority of the voters of the District at a District Meeting on March 11, 2008, authorizing the issuance of \$33,141,716 of bonds by the District to fund the construction of improvements and alterations to various District buildings and the sites thereof. Proceeds from the sale of the BANs will be used to renew the District's \$10,000,000 Bond Anticipation Notes for School Construction – 2009, in full at maturity.

Authority for and Purpose – The TANs

The TANs 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 the District to finance cash flow requirements in anticipation of the collection of 2010-2011 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the TANs may be used only for the purposes for which such taxes were or are to be levied, as specified in the 2010-2011 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 TANs 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 TANs and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2010-2011 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 TANs. Interest on the TANs will be provided from budget appropriations.

Optional Redemption

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

Nature of Obligation

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, 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 of the TANs and BANs, respectively, bearing the same rate of interest and CUSIP number, 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”). DTC has Standard & Poor’s highest rating: AAA. 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

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 is dependent in part on financial assistance from the State in the form of State aid. In some recent years, the District's receipt of State aid has been delayed as a result of the State's delay in adopting its budget and appropriating State aid to municipalities and school districts and other circumstances, including State fiscal stress. The District cannot predict at this time whether there will be any additional delays and reductions in State aid in the current year or future fiscal years. 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 and not by a cut 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. (See "State Aid" and "Recent Events Affecting State Aid to New York School Districts")

LITIGATION

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

Aurora Contractors, Inc. v. Sachem Central School District: On or about August 17, 2006, Aurora Contractors, Inc. (hereinafter referred to as "Plaintiff") commenced a lawsuit in the Supreme Court of Suffolk County. Aurora and the School District entered into a contract for general construction work to be performed at the East High School. Plaintiff seeks \$2,000,000 for breach of contract and unjust enrichment. The District answered the complaint

denying those claims and asserting its own counter claim against Aurora Contractors in the amounts of \$1,000,000 for damages. The parties continue to conduct discovery in this matter.

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 and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. 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 covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The provisions of the American Recovery and Reinvestment Act of 2009 relating to the treatment of interest on certain tax exempt obligations apply to the Notes.

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

Bond Counsel to the District 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 its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. 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 on the exemption of interest on the Notes from 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 has covenanted to comply with certain applicable requirements of the Code 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 Bond. 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 Bond (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 on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Bond”), 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 Bond 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 Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. 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 Bond 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 Obligation”). In general, under Section 171 of the Code, an owner of a Premium Obligation must amortize the note premium over the remaining term of the Premium Obligation, based on the owner’s yield over the remaining term of the Premium Obligation, determined based on constant yield principles (in certain cases involving a Premium Obligation callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Obligation). An owner of a Premium Obligation 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 Obligation, 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 Obligation may realize a taxable gain upon disposition of the Premium Obligation even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Obligations 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 Obligations.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid after March 31, 2007 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 and could affect the market price or marketability of the Notes. There can be no assurance that any such legislation, actions or decisions, if ever enacted, taken or rendered following the issuance of the Notes, will not have an adverse effect on the tax-exempt status, market price or marketability of the Notes.

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District shall furnish a certificate of the School Attorney, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. Said opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm has not been requested to examine or review and has not examined or reviewed the accuracy or

sufficiency of the Official Statement relating to the Notes, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which have been or may have furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the purchaser(s) will be furnished with the following items: (i) a Certificate of the President of the Board of Education and the Associate Superintendent for Business to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by an officer of the District evidencing payment for the Notes; and (iii) a Signature Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded, and (iv) an Arbitrage and Use of Certificate executed by the President of the Board of Education, as described under "Tax Matters" herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, 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, timely notice of the occurrence of any of the following events with respect to the Notes, if material:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults; (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 or events affecting the tax-exempt status of the Notes; (vii) modifications to rights of Noteholders; (viii) bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes; and (xi) rating changes.

The District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein;

provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

The District is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12.

RATINGS

The District has applied to Standard & Poor's Corporation ("S&P") for a rating on the TANs. Such application is pending at this time. The District has not applied to S&P for a rating on the BANs.

S&P currently assigns the uninsured outstanding bonded indebtedness of the District a rating of "AA".

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: Standard & Poor's Corporation, 25 Broadway, New York, New York 10004. 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 S&P circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or notes or the availability of a secondary market for those bonds or notes.

FINANCIAL ADVISOR

Capital Market Advisors, LLC, Great Neck and New York, New York (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, and 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 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.

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 inspection at the District's business office.

Additional information may be obtained from the District's Financial Advisor, Capital Markets Advisors, LLC, One Great Neck Road, Suite One, Great Neck, New York, 11021, (516) 487-9817 or from the District's Associate Superintendent for Business, Mr. Bruce Singer (631) 471-1321.

The District will act as Paying Agent with respect to the Notes. The District Clerk, Carol Adelberg, (631) 471-1331, cadelberg@sachem.edu should be used as the Paying Agent contact.

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.

SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK

By: _____
Robert Scavo
President of the Board of Education

DATED: August 10, 2010

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The District is located in the west-central portion of Suffolk County encompassing sections of the Towns of Brookhaven, Islip and Smithtown, and the Village of Lake Grove. The District contains all or part of the communities of Farmingville, Holbrook, Holtsville, Lake Ronkonkoma and Ronkonkoma. The District, which encompasses an area of approximately 24 square miles and has a population estimated at 75,634, is one of the five largest suburban school districts in New York State.

The District is primarily residential in nature with single and two family residences, apartment buildings and condominium complexes. Some of the major employers include the Internal Revenue Service, Symbol Technologies, Suffolk Community College and the Federal Aviation Authority. These facilities, as well as other diversified light industries provide considerable employment to residents of the District.

The District is serviced by the main line of the Long Island Rail Road which operates three stations within the District. Major road arteries that transverse the District includes the Long Island Expressway, Veterans Memorial Highway and Sunrise Highway.

Public water is supplied by the Suffolk County Water Authority and private wells. Police protection is provided by the Suffolk County Police Department, while fire protection is provided by local volunteer fire districts. Gas and electric are furnished by Long Island Power Authority ("LIPA") and National Grid.

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 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 Associate 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. Under the current law, the budget is submitted to voter referendum on the third Tuesday of May each year. The District's 2010-2011 fiscal year budget was approved by the voters of the District on May 18, 2010. A summary of the District's budgets for

the last and current fiscal year may be found in Appendix B, attached hereto.

School Enrollment Trends

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

TABLE 1
School Enrollment Trends

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Actual</u> <u>Enrollment</u>	<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Projected</u> <u>Enrollment</u>
2006	15,576	2011	14,800
2007	15,327	2012	14,800
2008	15,157	2013	14,800
2009	15,357	2014	14,800
2010 ⁽¹⁾	14,723	2015	14,800

(1) The District no longer includes students bussed to private schools in its enrollment numbers.

Source: Sachem Central School District at Holbrook, Office of the Associate Superintendent for Business.

District Facilities

The District operates eighteen schools; statistics relating to which are shown below.

TABLE 2
School Statistics

<u>Name</u>	<u>Capacity</u>	<u>Year Built/Rebuilt</u>	<u>Grade</u>
Cayuga Elementary School	744	1969, 1975	K-5
Chippewa Elementary School	744	1967, 1975	K-5
Gatlot Avenue Elementary School	770	1947, 1953, 1956, 1971, 1975	K-5
Grundy Avenue Elementary School	821	1956, 1965, 1975	K-5
Hiawatha Elementary School	770	1963, 1975	K-5
Lynwood Avenue Elementary School	720	1956, 1962, 1975	K-5
Merrimac Elementary School	744	1969, 1975	K-5
Nokomis Elementary School	821	1960, 1975	K-5
Tamarac Elementary School	770	1971, 1975	K-5
Tecumseh Elementary School	770	1970, 1975	K-5
Waverly Avenue Elementary School	770	1925, 1951, 1956, 1965, 1975	K-5
Wenonah Elementary School	770	1967, 1975	K-5
Sagamore Middle School	1,700	1962, 1980	6-8
Seneca Middle School	1,700	1970, 1980	6-8
Samoset Middle School	1,619	1957, 1980	6-8
Sequoia Middle School	1,001	2004	6-8
Sachem High School North	2,076	1970, 1988	9-12
Sachem High School East	2,520	2004	9-12

Source: Sachem Central School District at Holbrook, Office of the Associate Superintendent for Business.

Employees

The District provides services through 1,876 employees, who are represented by the following units of organized labor.

TABLE 3
Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
39	Sachem Administrator's Association	6/30/11
11	Sachem Supervisors Association	6/30/11
1,155	Sachem Central Teachers' Association	6/30/13
114	Teacher Assistants, Interpreters and Job Coaches	6/30/10 ⁽¹⁾
152	Teachers Aide Unit	6/30/14
21	Registered Nurses	6/30/13
218	SSDEU-Custodians	6/30/09 ⁽¹⁾
150	UPSEU-Clerical	6/30/13
7	Managerial Confidential – Clerical	6/30/13
9	Non-Aligned Administrators	6/30/09 ⁽¹⁾

(1) In negotiation.

Source: District's Office of the Associate Superintendent for Business.

Employee Pension Benefits

Substantially all employees of the District are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

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. 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 contributions to cease after a certain period of service.

On May 14, 2003, the Governor signed a pension reform bill into law as Chapter 49 of the Law of 2003 ("Chapter 49"). Chapter 49 changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the District was not provided with the required payment until after its budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the District is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 changed the pension payment date for all local governments from December 15 to February 1 and permits the legislative body of a municipality or school district to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future.

The New York State Retirement System has advised the District that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The District has prepaid its employer contributions each December since the option was made available in 2004.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by Chapter 49. At this time the District is unable to predict the amount of any such increase. To mitigate the expected increases in the employer contribution rate, legislation has been proposed that would permit local governments and schools districts to issue bonds to fund the required increased contribution. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and schools districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5% percent. The new legislation also authorizes local governments and school district to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance.

Other Post Employment 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 March 31, 2007 was approximately \$322,000,000. For the year ended June 30, 2009, the District's ARC was \$31,000,000 and the District's cumulative net OPEB obligation at June 30, 2009 is \$41,242,285. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

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 company 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.

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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, 2009 is contained in Appendix B attached hereto. As reflected in Appendix B attached hereto, 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 a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, attached hereto). Property taxes accounted for 47.1% of total general fund revenues for the fiscal year ended June 30, 2009, while State aid accounted for 43.8%.

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

TABLE 4
Property Tax

Fiscal Year <u>Ended June 30:</u>	Total Revenues ⁽¹⁾	Real Property Taxes ⁽²⁾	Real Property Taxes to Revenues
2005	\$239,314,414	\$132,861,088	55.5%
2006	258,124,580	147,269,682	57.0
2007	267,638,192	149,632,948	55.9
2008	270,917,869	149,042,029	55.0
2009	271,789,681	128,205,290	47.1
2010 (Adopted Budget)	274,194,940	145,180,042	52.9
2011 (Adopted Budget)	280,711,665	146,820,084	52.3

(1) General Fund.

(2) Exclusive of the taxes collected by the District on behalf of the Sachem Public Library. See Appendix B attached hereto.)

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

State Aid

The District receives State aid for operating other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

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

TABLE 5
State Aid

Fiscal Year <u>Ended June 30:</u>	Total Revenues ⁽¹⁾	State Aid	Real Property Taxes to Revenues
2005	\$239,314,414	\$101,880,606	42.6%
2006	258,124,580	105,232,172	40.7
2007	267,638,192	110,588,888	41.3
2008	270,917,869	114,916,874	42.4
2009	271,789,681	119,255,597	43.8
2010 (Adopted Budget)	274,194,940	115,283,629	42.0
2011 (Adopted Budget)	280,711,665	112,580,878	40.1

(1) General Fund.

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

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (see “STAR-School Tax Exemption”). The District has received timely STAR aid from the State during recent fiscal years and anticipates timely receipt for the next fiscal year.

Recent Events Affecting State Aid to New York School Districts

On January 19, 2010, the New York State Governor David Paterson submitted his proposed Executive Budget for the State’s fiscal year ending March 31, 2011. The Executive’s Budget recommends a total reduction in State aid of approximately \$2.1 billion; however, the Governor’s Executive Budget included Federal Stimulus funding of approximately \$726,000 to offset some of the reductions in State aid. As a result, the net State aid reduction totaled approximately \$1.4 billion. On August 2, 2010, the New York State Legislature adopted a budget for the State’s fiscal year ending March 31, 2011, which does not restore the \$1.4 billion in State aid reductions included in the Governor’s Executive Budget.

In addition, During the District’s fiscal year ended June 30, 2010, the District’s receipt of State aid was delayed as a result of several initiatives adopted by Governor Paterson in response to the State’s ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010. Nevertheless, the District cannot predict at this time whether there will be any delays and/or further reductions in State aid in the current year or in future fiscal years or whether there will be additional funding, as part of the American Reinvestment and Recovery Act of 2009, made available to pay State aid in future years. The District expects to be able to mitigate the impact of any delays or reductions 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).

General Fund Operations

Appendix B attached hereto sets forth the General Fund operations for the last five fiscal years which are derived from the District’s Audited 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 attached hereto.

Cash Flow Projections

The cash flow summaries of the District for the 2009-2010 fiscal year and 2010-2011 fiscal year, including tax anticipation borrowings and repayment thereof, are set forth in Appendix B, respectively. 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 Assessment and Rates

The following table sets forth the assessed and full valuation of taxable real property, the District's real property tax levy, including taxes levied for library purposes. The District's assessed value for the three Towns is as follows:

TABLE 6
Real Property Tax Assessments and Rates for the Fiscal Years Ending June 30:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Brookhaven Town</u>					
Assessed Value	\$ 57,830,681	\$ 57,830,681	\$ 57,340,304	\$ 56,522,543	\$ 55,864,987
Equalization Rate %	0.84	0.76	0.70	0.73	0.77
Full Value	6,911,657,380	7,609,300,131	8,191,472,000	7,742,814,109	7,255,193,116
Tax Levy ⁽¹⁾	102,176,557	103,291,107	102,166,511	99,507,681	99,301,876
Tax Rate ⁽²⁾	1,759.91	1,786.10	1,781.76	1,760.50	1,777.53
<u>Islip Town</u>					
Assessed Value	\$ 376,859,926	\$ 379,144,885	\$ 381,972,233	\$ 381,001,605	\$ 375,267,991
Equalization Rate %	11.98	10.68	9.64	9.64	10.30
Full Value	3,145,742,287	3,550,045,739	3,962,367,562	3,952,298,807	3,643,378,553
Tax Levy ⁽¹⁾	46,498,400	48,195,634	49,226,102	50,677,739	49,664,796
Tax Rate ⁽²⁾	123.38	127.12	128.87	133.01	132.34
<u>Smithtown Town</u>					
Assessed Value	\$ 4,875,004	\$ 4,917,978	\$ 4,919,094	\$ 4,907,887	\$ 4,831,041
Equalization Rate %	1.30	1.21	1.12	1.17	1.25
Full Value	375,000,307	406,444,462	439,204,821	419,477,521	386,483,280
Tax Levy ⁽¹⁾	5,544,616	5,517,217	5,494,274	5,411,489	5,313,428
Tax Rate ⁽²⁾	1,137.36	1,121.85	1,116.93	1,102.61	1,099.85
<u>Total</u>					
Assessed Value	\$ 439,792,852	\$ 441,893,544	\$ 444,231,631	\$ 442,432,035	\$ 435,964,019
Full Value	10,432,399,974	11,565,790,332	12,593,044,383	12,114,590,437	11,285,054,949
Tax Levy ⁽¹⁾	154,219,573	157,003,958	156,886,887	155,596,909	154,280,100

(1) Includes library tax.

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

Source: New York State Comptroller's Office; New York State Board of Real Property Services.

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.

Tax Collection Procedure

In Suffolk County, property taxes for the school districts, together with town and county taxes are collected by the town tax receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31.

The school districts receive their full levies before the end of their fiscal years. Uncollected amounts are not segregated by the town tax receiver, and any deficiency in tax collection is the County's liability.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Based on information furnished to the District, a portion of the District's 2010-11 school tax levy will be exempt by the STAR Program. The District anticipates that it will receive full reimbursement of exempt taxes prior to January 1, 2011.

Ten of the Largest Taxpayers in the Town of Brookhaven

The following table presents the assessed value of ten of the District's largest taxpayers in the Town of Brookhaven for the 2009-2010 fiscal year.

TABLE 7
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
Marketspan Gas Corporation	Utility	\$5,600,000	10.02%
LIPA	Utility	1,284,687	2.30
Farmingville Association	Commercial	295,300	0.53
Cenacle Manor Associates, L.P.	Commercial	244,750	0.44
Brookwood Ronkonkoma LLC	Commercial	225,000	0.40
Northville Dock Corp	Commercial	197,500	0.35
Heatherwood House	Commercial	186,500	0.33
Sunshine Lake Shore Associates LLC	Commercial	175,500	0.31
Newbany Corp ATT	Commercial	175,000	0.31
Wells Reit-Holtsville, NY, LLC	Commercial	<u>152,000</u>	<u>0.27</u>
	Total:	<u>\$8,536,237</u>	<u>15.26%</u>

(1) The District's total assessed value in the Town of Brookhaven for the 2009-2010 fiscal year is \$55,864,987.

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Ten of the Largest Taxpayers in the Town of Islip

The following table presents the taxable assessments of ten of the District's largest taxpayers in the Town of Islip for the 2009-2010 fiscal year.

TABLE 8
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation ⁽¹⁾</u>
Victorian Gardens LLC	Apartments	\$6,066,300	1.62%
Spruce Pond Co LLC	Apartments	6,025,000	1.61
Heatherwood House	Apartments	5,201,800	1.39
Estate of Marvin L. Linder	Shopping Center	4,852,200	1.29
CLPF-Broadway Knolls LP	Apartments	4,543,000	1.21
Saddle Rock Associates LLC	Apartments	4,100,000	1.09
Sun Lakes Plaza Associates	Shopping Center	3,043,300	0.81
Wilmslow Long Island Properties LLC	Commercial	2,825,000	0.75
Long Island Lighting Company	Utility	2,511,420	0.67
GSM ICA SAF FED717-725 LLC	Commercial	<u>2,394,100</u>	<u>0.64</u>
Total:		<u>\$41,562,120</u>	<u>11.08%</u>

(1) The District's total assessed value in the Town of Islip for the 2009-2010 fiscal year is \$375,267,991.

Ten of the Largest Taxpayers in the Town of Smithtown

The following table presents the taxable assessments of ten of the District's largest taxpayers in the Town of Smithtown for the 2009-2010 fiscal year.

TABLE 9
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation ⁽¹⁾</u>
422 Smithtown Blvd Realty	Restaurants	\$ 24,975	0.52%
Ahladiotis Realty LLC	Commercial	20,000	0.41
LIPA	Utility	18,492	0.38
Gibbs Pond Center LLC	Commercial	14,760	0.31
Swaine, Inc.	Apartments	12,910	0.27
Piernonte, Vincent	Apartments	12,665	0.26
KeySpan	Utility	12,561	0.26
TKK Holdings Inc.	Apartments	12,100	0.25
Lakeside Plaza Inc.	Commercial	11,865	0.25
Dhir, Naveen/Poonam	Residence	<u>11,799</u>	<u>0.24</u>
Total:		<u>\$152,127</u>	<u>3.15%</u>

(1) The District's total assessed value in the Town of Smithtown for the 2009-2010 fiscal year is \$ 4,831,041.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes (such as the TANs) 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "Nature of Obligation", 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.

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

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

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.

Remedies Upon Default

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State of New York (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, apportionment's 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, apportionment's 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 SFL.

Under current law, provision is made for contract creditors (including the Noteholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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 servicing the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Noteholder's remedial right to

judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$1,128,505,494, as of August 10, 2010. This is calculated by taking 10% of the current full value of the District.

TABLE 10
Statutory Debt Limit and Net Indebtedness

Full Valuation of Taxable Real Property	\$11,285,054,949
Debt Limit (10% of Full Valuation)	1,128,505,494
Outstanding Indebtedness ⁽¹⁾ (Principal Only):	
Bonds	204,465,000
Refunded Bonds ⁽²⁾	88,775,000
Bond Anticipation Notes	<u>10,000,000</u>
Gross Indebtedness	303,240,000
Less Exclusion for Estimated Building Aid ⁽³⁾	<u>0</u>
Total Net Indebtedness	<u>303,240,000</u>
Net Debt-Contracting Margin	<u>\$ 825,265,494</u>
Percentage of Debt-Contracting Margin Exhausted	<u>26.87%</u>

- (1) Tax Anticipation Notes, Revenue Anticipation Notes, Energy Performance Contracts and Lease Purchase Contracts are not included in the computation of the gross indebtedness of the District. (See "Revenue Anticipation Notes", "Tax Anticipation Notes", "Energy Performance Contracts" and "Lease Purchase Contracts" herein.)
- (2) All future payments of both principal and interest will be provided for from the income of a portfolio of non-callable direct obligations of the United States of America held in an irrevocable trust fund. The Local Finance Law of the State does not provide for the exclusion of such debt from the District's debt statement.
- (3) The District has received and expects to continue to 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 76.6% of the District's applicable outstanding indebtedness, with projects approved by District voters between July 1, 1998 and June 30, 2000 receiving an additional 10% State building aid. Bonds issued for the Sachem Public Library do not receive State building aid.

Bond Anticipation Notes

On August 27, 2009, the District issued \$10,000,000 Bond Anticipation Notes for School Construction – 2009 which matures on August 27, 2010. The proceeds from the sale of the BANs will be used to redeem these notes in full at maturity.

Revenue Anticipation Notes

The District has not issued revenue anticipation notes in recent fiscal years.

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 recent fiscal years.

TABLE 12
TAN Borrowing History

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Date Due</u>
2006	07/26/05	\$60,000,000	6/22/06
2007	07/27/06	50,000,000	6/27/07
2008	08/22/07	54,000,000	6/26/08
2009	10/01/08	36,600,000	6/24/09
2010	08/27/09	40,000,000	6/23/10

Source: Office of the Associate Superintendent for Business.

Trend of Outstanding Indebtedness

The following table provides information relating to direct capital indebtedness outstanding at year end for the last five fiscal years.

TABLE 13
Outstanding Indebtedness ⁽¹⁾⁽²⁾

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ⁽³⁾
Bonds	\$222,920,000	\$217,485,000	\$209,130,000	\$200,540,000	\$206,610,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000,000</u>
Totals	<u>\$222,920,000</u>	<u>\$217,485,000</u>	<u>\$209,130,000</u>	<u>\$200,540,000</u>	<u>\$216,610,000</u>

(1) Exclusive of Energy Performance Contracts, Lease Purchase Contracts. (See "Energy Performance Contracts" and "Lease Purchase Contracts" herein.)

(2) Exclusive of economically defeased obligations of the District.

(3) Unaudited.

Source: Audited Financial Statements of the District and Office of the Associate Superintendent for Business. This summary is not audited.

Overlapping and Underlying Debt

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.

TABLE 14
Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding as of:</u>	<u>District Share</u>	<u>Amount Applicable To District</u>
Suffolk County	\$ 1,116,382,162	05/02/10	3.69%	\$ 41,194,502
Town of Brookhaven	404,369,551	05/26/10	9.35	37,808,553
Town of Islip	149,627,397	12/31/09	7.92	11,850,490
Town of Smithtown	11,325,000	04/26/10	2.16	244,620
Village of Lake Grove	0	05/31/09	50.00	<u>0</u>
Total Net Overlapping Debt				\$ 91,098,165
Total Net Direct Debt				<u>303,240,000</u>
Net Direct and Overlapping Debt				<u>\$394,338,165</u>

Source: County, Town and Village officials.

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

TABLE 15
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Debt	\$303,240,000	\$4,009	2.69%
Net Direct and Overlapping Debt	394,338,165	5,214	3.49

(1) The population of the District is estimated by District officials to be approximately 75,634.

(2) The District's full value of taxable real property for fiscal 2009-2010 is \$11,285,054,949.

Authorized and Unissued Debt

On March 11, 2008, District voters authorized \$33,141,716 in bonds or notes to fund the construction of improvements and alterations to various District buildings and the sites thereof. The District currently has \$8,141,716 in authorized but unissued debt pursuant to this authorization.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness for the fiscal years listed below, exclusive of economically defeased obligations.

TABLE 16
Bond Principal and Interest Maturity Table

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service ⁽¹⁾</u>
2011	\$ 9,515,000	\$ 8,890,592	\$ 18,405,592
2012	9,460,000	8,286,897	17,746,897
2013	9,790,000	7,929,259	17,719,259
2014	10,150,000	7,551,515	17,701,515
2015	10,535,000	7,151,284	17,686,284
2016	10,975,000	6,665,528	17,640,528
2017	11,430,000	6,199,271	17,629,271
2018	11,920,000	5,701,575	17,621,575
2019	12,450,000	5,173,903	17,623,903
2020	9,520,000	4,685,289	14,205,289
2021	7,770,000	4,300,812	12,070,812
2022	8,120,000	3,947,820	12,067,820
2023	8,495,000	3,565,059	12,060,059
2024	8,920,000	3,158,777	12,078,777
2025	9,405,000	2,670,710	12,075,710
2026	9,815,000	2,269,594	12,084,594
2027	10,240,000	1,846,850	12,086,850
2028	10,740,000	1,403,425	12,143,425
2029	11,200,000	939,706	12,139,706
2030	11,685,000	449,384	12,134,384
2031	<u>4,475,000</u>	<u>97,891</u>	<u>4,572,891</u>
Totals	<u>\$ 206,610,000</u>	<u>\$ 92,885,141</u>	<u>\$ 299,495,141</u>

(1) For the entire fiscal year.

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

Energy Performance Contracts

The District has entered into the following Energy Performance Contracts:

TABLE 17
Energy Performance Contracts⁽¹⁾

<u>Description of Issue</u>	<u>Issue</u> <u>Year</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Principal Amount</u> <u>Outstanding at</u> <u>July 1, 2009</u>
HVAC upgrade	2004	2011	3.23%	\$ 1,293,080
Energy Management System	2004	2014	3.50	2,550,518
District-wide Energy Upgrades	2010	2025	4.55	<u>16,026,521</u>
		Total		<u>\$19,870,119</u>

(1) In October 2004, the District issued a lease to refinance the outstanding debt associated with two outstanding Energy performance contracts. Savings realized through such transaction were in excess of \$540,000.

Source: Office of the Associate Superintendent for Business.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The District estimates its population to be approximately 75,634. The following table presents population trends for the Towns of Brookhaven, Islip and Smithtown, County and State, based upon recent census data.

TABLE 18
Population Trend

	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>Percentage Change</u>	
				<u>1990/1995</u>	<u>1995/2000</u>
Brookhaven, Town	407,977	418,143	448,248	2.49%	7.20%
Islip, Town	299,587	306,175	322,612	2.20	5.37
Smithtown, Town	113,406	115,667	115,715	1.99	0.04
County	1,321,864	1,348,750	1,419,369	2.03	5.24
State	17,990,778	18,150,928	18,976,475	0.89	4.55

Source: New York State Department of Commerce; New York State Department of Economic Development.

Income

The following table presents median family income for the Towns of Brookhaven, Islip and Smithtown, County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 19
Median Family Income

	<u>1998</u>	<u>2000</u>
Brookhaven, Town	\$66,739	\$67,973
Islip, Town	70,137	68,926
Smithtown, Town	85,152	N/A
County	70,781	72,115
State	38,885	43,602

Source: New York State Department of Commerce; New York State Department of Economic Development.

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Employment and Unemployment

The following tables provide information concerning employment and unemployment in the towns of Brookhaven, Islip and Smithtown (the "Towns"), County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 20
Largest Employers

<u>Employer</u>	<u>Nature of Business</u>	<u>Estimated Number Of Employees</u>
State University of New York at Stony Brook	Education	7,000
Brookhaven National Laboratory	Research	3,200
Internal Revenue Service	Government	3,000
Sachem Central School District	Education	2,315
Suffolk Community College	Education	1,790
Federal Aviation Authority	Government	1,200
E.B. Simpson Co., Inc.	Manufacturing	900
Allstate Insurance Company	Insurance	800
Majestic Molded Plastics	Manufacturing	340

Source: Office of the Associate Superintendent for Business.

TABLE 21
Civilian Labor Force

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Brookhaven, Town	253,000	258,300	260,000	263,000	261,100
Islip, Town	174,700	176,600	177,300	179,400	178,400
Smithtown, Town	62,200	62,600	62,900	63,500	62,800
County	778,400	787,900	792,300	801,700	796,100
State	9,421,400	9,508,000	9,557,000	9,671,000	9,699,500

Source: New York State Department of Economic Development: Bureau of Economic and Demographic Information.

Unemployment rates are not compiled for the District, but are available for the County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 22
Yearly Average Unemployment Rates

<u>Year</u>	<u>Brookhaven Town</u>	<u>Islip Town</u>	<u>Smithtown Town</u>	<u>County</u>	<u>State</u>
2005	4.2%	4.4%	3.7%	4.2%	5.0%
2006	4.0	4.1	3.5	4.0	4.6
2007	3.9	4.0	3.4	3.9	4.5
2008	4.9	5.2	4.3	4.9	5.3
2009	7.2	7.6	6.3	7.3	8.4

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

TABLE 23
Monthly Unemployment Rates

<u>Month</u>	<u>Brookhaven Town</u>	<u>Islip Town</u>	<u>Smithtown Town</u>	<u>County</u>	<u>State</u>
July 2009	7.7%	8.0%	6.7%	7.6%	8.8%
August	7.5	7.8	6.6	7.4	8.6
September	7.5	8.0	6.6	7.5	8.7
October	7.2	7.6	6.3	7.2	8.7
November	7.1	7.5	6.1	7.1	8.5
December	7.2	7.6	6.1	7.3	8.8
January 2010	8.0	8.6	6.6	8.2	9.4
February	8.1	8.7	6.7	8.3	9.2
March	7.4	8.0	6.1	7.6	8.8
April	6.8	7.1	5.8	6.8	8.1
May	6.8	7.0	6.0	6.8	8.0
June	6.9	7.1	6.1	6.8	8.2

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

The End of Appendix A

APPENDIX B

**FINANCIAL STATEMENT SUMMARIES
AND
CASH FLOW STATEMENTS**

(Summary itself is not audited.)

SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK, NY
Summary of Budgeted Revenues and Expenditures - General Fund
Fiscal Year Ending June 30:

	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽²⁾
<u>Revenues:</u>		
Real Property Tax ⁽³⁾	\$145,180,042	\$146,820,084
State Aid	115,283,629	112,580,878
Miscellaneous	5,231,269	6,997,390
Appropriated Fund Balance	<u>8,500,000</u>	<u>14,313,313</u>
Total Revenues	<u><u>\$274,194,940</u></u>	<u><u>\$280,711,665</u></u>
 <u>Expenditures:</u>		
General Support	\$27,656,634	\$26,506,138
Instructional Support	155,636,847	156,220,774
Transportation	17,401,354	18,182,528
Community Services	0	112,500
Employee Benefits	53,523,268	57,088,079
Debt Service	19,576,837	20,805,093
Interfund Transfers	<u>400,000</u>	<u>1,796,553</u>
Total Expenditures	<u><u>\$274,194,940</u></u>	<u><u>\$280,711,665</u></u>

(1) The District's 2009-2010 fiscal year budget was approved by the Board of Education on May 19, 2009.

(2) The District's 2010-2011 fiscal year budget was approved by the Board of Education on May 18, 2010.

(3) Exclusive of Library Tax.

Source: Adopted Budgets of the Sachem CSD at Holbrook.

Sachem Central School District at Holbrook, NY
Combined Balance Sheet
General Fund
Fiscal Year Ending June 30:

	<u>2008</u>	<u>2009</u>
Assets		
Unrestricted Cash	\$35,629,765	\$42,807,523
Investments	0	0
Due from Other Funds	4,171,322	2,278,759
Due from Other Governments	0	298,028
State and Federal Aid	7,093,587	6,570,553
Other Receivables	585,019	25,354
	<hr/>	<hr/>
Total Assets	<u><u>\$47,479,693</u></u>	<u><u>\$51,980,217</u></u>
 Liabilities & Deferred Revenue		
Accounts Payable	\$1,915,110	\$2,154,804
Accrued Liabilities	382,090	1,717,451
Due to Other Governments	241,074	154,093
Due to Other Funds	6,024	2,740
Due to Retirement Systems	12,556,266	11,266,200
Compensated Absences	211,903	523,172
Deferred Revenues	18,262	0
	<hr/>	<hr/>
Total Liabilities & Deferred Revenue	<u><u>\$15,330,729</u></u>	<u><u>\$15,818,460</u></u>
 Fund Equity		
Investment in General Fixed Assets		
Reserved Fund Balance:		
Reserve for Encumbrances	\$0	\$0
Reserve for Unemployment	104,072	106,058
Reserve for Long-term Disability	292,444	298,022
Reserve for Workers' Compensation	7,470,118	7,612,610
Reserve for Employee Benefits	5,106,290	5,203,693
Unreserved Fund Balance:		
Designated for Subsequent Year	8,000,000	12,000,000
Undesignated	11,176,040	10,941,374
	<hr/>	<hr/>
Total Fund Equity	<u><u>\$32,148,964</u></u>	<u><u>\$36,161,757</u></u>
 Total Liabilities and Fund Equity	<u><u>\$47,479,693</u></u>	<u><u>\$51,980,217</u></u>

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

Sachem Central School District at Holbrook, NY
Consolidated Statement of Revenues, Expenses and Fund Balances
General Fund
Fiscal Year Ending June 30:

	2005	2006	2007	2008	2009
Revenues					
Real Property Taxes	\$112,116,520	\$125,370,690	\$127,678,841	\$128,016,295	\$128,205,290
Other Real Property Tax Items	20,744,568	21,898,992	21,954,107	21,025,734	19,381,775
Charges of Services	1,570,059	1,523,899	1,432,761	1,613,289	1,428,521
Use of Money and Property	1,152,472	2,502,022	3,359,099	2,526,091	790,673
Forfeitures	0	0	0	0	0
Sales of Property and Comp. for Loss	491,011	281,282	444,724	559,697	570,359
Miscellaneous	1,166,643	1,073,244	2,121,800	2,176,646	2,116,760
Interfund Revenue	3,435	1,939	47,510	40,506	4,674
State Aid	101,880,606	105,232,172	110,588,888	114,916,874	119,255,597
Federal Sources	189,100	240,340	10,462	42,737	36,032
Total Revenues	239,314,414	258,124,580	267,638,192	270,917,869	271,789,681
Other Sources					
Interfund Transfers					
Total Revenues and Other Sources	\$239,314,414	\$258,124,580	\$267,638,192	\$270,917,869	\$271,789,681
Expenditures					
General Support	\$23,038,089	\$23,268,716	\$25,281,849	\$27,140,697	\$27,784,143
Instruction	147,347,663	144,884,292	147,462,815	147,785,986	153,196,688
Pupil Transportation	14,138,569	14,391,130	15,062,313	16,751,130	17,017,383
Community Services	0	0	0	0	0
Employee Benefits	36,584,055	47,190,127	49,787,441	49,182,887	49,556,946
Debt Service	20,889,447	22,998,348	22,098,840	21,322,778	19,821,728
Total Expenditures	241,997,823	252,732,613	259,693,258	262,183,478	267,376,888
Other Uses					
Interfund Transfers In	1,085,000	4,036,397	1,021,261	550,000	150,000
Interfund Transfers Out	(240,000)	(180,000)	(2,307,160)	(2,876,815)	(550,000)
Total Other Financing Sources	845,000	3,856,397	(1,285,899)	(2,326,815)	(400,000)
Total Expenditures and Other Uses	\$241,152,823	\$248,876,216	\$260,979,157	\$264,510,293	\$267,776,888
Excess (Deficit) Revenues Over Expenditures	(\$1,838,409)	\$9,248,364	\$6,659,035	\$6,407,576	\$4,012,793
Other Changes in Fund Balance					
Plus:			494,966		
Less:					
Residual Equity Transfer					
Net Increase (Decrease)	(\$1,838,409)	\$9,248,364	\$7,154,001	\$6,407,576	\$4,012,793
Fund Balance Beginning of Fiscal Year	\$11,177,432	\$9,339,023	\$18,587,387	\$25,741,388	\$32,148,964
Fund Balance End of Fiscal Year	\$9,339,023	\$18,587,387	\$25,741,388	\$32,148,964	\$36,161,757

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

SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK

CASH FLOW

JULY 1, 2009 - JUNE 30, 2010

Actual through May 31, 2010

MONTH	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BALANCE (Beginning)(1)	42,807,323	\$ 32,270,785	\$ 68,530,422	\$ 63,628,637	\$ 38,730,449	\$ 24,906,283	\$ 6,109,188	\$ 54,946,407	\$ 53,385,299	\$ 61,125,075	\$ 43,460,242	\$ 49,138,047	\$ 42,807,323
RECEIPTS													
Property Taxes (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,665	\$ 55,180,173	\$ 18,625,820	\$ 4,163,480	\$ 2,082,942	\$ 9,753,275	\$ 46,257,073	\$ 136,667,428
STAR Reimbursement	0	0	0	0	0	0	17,633,809	0	0	0	0	0	17,633,809
State Aid & ARRA Funding	2,125,815	2,638,907	11,453,274	401,585	6,012,201	1,845,497	5,698,596	480,451	27,687,363	3,565,145	16,212,947	27,386,161	105,507,942
Other Receipts	183,938	249,142	224,953	109,423	284,440	369,408	690,320	624,279	1,409,374	421,516	340,520	1,306,853	6,214,166
Interfund Transfers	1,483,239	1,378,670	495,539	148,020	440,737	8,220,725	15,279	699,054	1,209,967	1,478,289	651,249	2,091,136	18,311,904
Note Proceeds-TAN's	0	40,000,000	0	0	0	0	0	0	0	0	0	0	40,000,000
TOTAL RECEIPTS	\$ 3,792,992	\$ 44,266,719	\$ 12,173,766	\$ 659,028	\$ 6,737,378	\$ 11,040,295	\$ 79,218,177	\$ 20,429,604	\$ 34,470,184	\$ 7,547,892	\$ 26,957,991	\$ 77,041,223	\$ 324,335,249
DISBURSEMENTS													
Salaries	\$ 3,325,724	\$ 3,545,461	\$ 9,661,694	\$ 11,740,996	\$ 11,957,666	\$ 18,799,830	\$ 11,611,638	\$ 11,907,364	\$ 11,546,997	\$ 11,713,958	\$ 12,034,858	\$ 30,197,190	\$ 148,043,376
Other Disbursements	6,050,034	2,967,036	5,706,569	7,985,892	6,962,891	8,013,879	5,990,456	8,855,158	9,167,394	8,014,944	7,220,540	11,086,866	88,021,659
Transfer to Note Pay Acct - TAN's	0	0	0	0	0	0	0	0	0	0	0	40,000,000	40,000,000
Interfund Transfers	1,081,469	779,388	992,091	155,259	925,791	1,435,671	11,015,279	512,993	5,250,974	45,054	1,309,592	1,591,091	25,094,652
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	822,222	822,222
Debt Service	3,157,107	0	0	4,959,872	0	872,814	1,048,389	0	49,847	4,723,572	0	3,362,814	18,174,415
Library Payment	715,196	715,197	715,197	715,197	715,196	715,196	715,196	715,197	715,196	715,197	715,196	715,197	8,582,358
TOTAL DISBURSEMENTS	\$ 14,329,530	\$ 8,007,082	\$ 17,075,551	\$ 25,557,216	\$ 20,561,544	\$ 29,837,390	\$ 30,380,958	\$ 21,990,712	\$ 26,730,408	\$ 25,212,725	\$ 21,280,186	\$ 87,775,380	\$ 328,738,682
BALANCE (Ending)	\$ 32,270,785	\$ 68,530,422	\$ 63,628,637	\$ 38,730,449	\$ 24,906,283	\$ 6,109,188	(3) \$ 54,946,407	\$ 53,385,299	\$ 61,125,075	\$ 43,460,242	\$ 49,138,047	\$ 38,403,890	\$ 38,403,890
NOTE PAYMENT ACCOUNT(4)													
Balance (Beginning)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts	0	0	0	0	0	0	0	0	0	0	0	40,000,000	40,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	40,000,000	40,000,000
Balance (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Balance as of June 30, 2009.

(2) Inclusive of Library Tax.

(3) The District would have experienced a cash flow deficit in excess of \$40,000,000 in December 2009 had it not issued \$40,000,000 tax anticipation notes in August 2009.

The December 31, 2009 month-end cash balance reflects an emergency interfund transfer of \$7,000,000 to the General Fund. The \$7,000,000 emergency interfund transfer was necessitated by an unanticipated delay in the receipt of State aid.

The interfund transfer was "repaid" in January 2010.

(4) Note Payment Account transactions reflect amounts set aside to pay the principal of 2009-10 tax anticipation notes, and the payment of such notes at their maturity.

Interest on such notes is not reflected in the Note Payment Account, but is recorded as a Note Interest Payment Disbursement in the schedule above.

SACHEM CENTRAL SCHOOL DISTRICT AT HOLBROOK

CASH FLOW

JULY 1, 2010 - JUNE 30, 2011

Projected

MONTH	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BALANCE (Beginning)(1)	\$ 38,403,890	\$ 26,384,113	\$ 69,246,131	\$ 64,223,854	\$ 39,668,223	\$ 24,840,856	\$ 3,965,200	\$ 59,373,823	\$ 57,113,661	\$ 61,486,970	\$ 42,543,848	\$ 47,327,306	\$ 38,403,890
RECEIPTS													
Property Taxes (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,665	\$ 56,050,173	\$ 18,625,820	\$ 4,163,480	\$ 2,082,942	\$ 10,279,456	\$ 46,537,842	\$ 138,344,378
STAR Reimbursement	0	0	0	0	0	0	17,633,809	0	0	0	0	0	17,633,809
State Aid & ARRA Funding	2,125,815	2,638,907	11,453,274	401,585	6,012,201	7,757,069	400,000	480,451	23,530,863	3,565,145	16,212,947	25,589,974	100,168,231
Other Receipts	183,938	600,000	600,000	600,000	600,000	600,000	690,320	624,279	1,409,374	621,516	765,488	701,275	7,996,190
Interfund Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Proceeds-TAN's	0	48,000,000	0	0	0	0	0	0	0	0	0	0	48,000,000
TOTAL RECEIPTS	\$ 2,309,753	\$ 51,238,907	\$ 12,053,274	\$ 1,001,585	\$ 6,612,201	\$ 8,961,734	\$ 74,774,302	\$ 19,730,550	\$ 29,103,717	\$ 6,269,603	\$ 27,257,891	\$ 72,829,091	\$ 312,142,608
DISBURSEMENTS													
Salaries	\$ 3,325,724	\$ 3,545,461	\$ 9,661,694	\$ 11,740,996	\$ 11,957,666	\$ 18,799,830	\$ 11,611,638	\$ 11,907,364	\$ 11,546,997	\$ 11,713,958	\$ 12,034,858	\$ 29,462,330	\$ 147,308,516
Other Disbursements	7,539,846	2,967,036	6,071,216	8,001,037	8,594,385	9,324,780	6,469,936	8,953,794	12,249,819	7,885,797	8,089,899	15,543,870	101,691,415
Transfer to Note Pay Acct - TAN's	0	0	0	0	0	0	0	0	0	0	1,462,158	46,537,842	48,000,000
Interfund Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	250,000	250,000
Debt Service	2,742,552	1,142,984	621,233	5,093,775	166,108	991,372	562,696	408,145	212,183	4,891,561	166,109	3,556,375	20,555,093
Library Payment	721,408	721,408	721,408	721,408	721,409	721,408	721,409	721,409	721,409	721,409	721,409	721,409	8,656,903
TOTAL DISBURSEMENTS	\$ 14,329,530	\$ 8,376,889	\$ 17,075,551	\$ 25,557,216	\$ 21,439,568	\$ 29,837,390	\$ 19,365,679	\$ 21,990,712	\$ 24,730,408	\$ 25,212,725	\$ 22,474,433	\$ 96,071,826	\$ 326,461,927
BALANCE (Ending)	\$ 26,384,113	\$ 69,246,131	\$ 64,223,854	\$ 39,668,223	\$ 24,840,856	\$ 3,965,200	\$ 59,373,823	\$ 57,113,661	\$ 61,486,970	\$ 42,543,848	\$ 47,327,306	\$ 24,084,571	\$ 24,084,571
NOTE PAYMENT ACCOUNT(3)													
Balance (Beginning)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,462,158	\$ -
Receipts	0	0	0	0	0	0	0	0	0	0	1,462,158	46,537,842	48,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	48,000,000	48,000,000
Balance (Ending)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,462,158	\$ -	\$ -

(1) Balance as of June 30, 2010.

(2) Inclusive of Library Tax.

(3) Note Payment Account transactions reflect amounts set aside to pay the principal of 2010-11 tax anticipation notes, and the payment of such notes at their maturity.

Interest on such notes is not reflected in the Note Payment Account, but is recorded as a Note Interest Payment Disbursement in the schedule above.